Major study of patents in Australia

by Frank Rees

THE Australian Industries Development Association has conducted a major study into the impact of the patent system on Australian industry among 74 of Australia's largest manufacturing and mining comanpies.

The research and development expenditure of the study's respondents represents some 70 to 80 per cent of Australian R and D expenditure.

To test the linkage between the patent system and research and development, respondents were asked two questions.

- Whether "potential patentability is a decisive criterion in the decision to go ahead with a particular research project";
- "Approximately what proportion of your R and D in recent years would not have been carried out if you had not been able to patent any resulting discoveries."

The responses to the first question indicate that the impact of the patent system on research and development expenditure is not strong in all sectors of industry.

Of the 69 responses, only nine (13 per cent) indicated that potential patentability was a decisive criterion in deciding whether to go ahead with a particular research project in a significant proportion (up to 10 per cent) of cases, or in a relatively large proportion (over 10 per cent) of cases.

Weighting the respondents by sales value, just over 10 per cent of the weighted responses indicated that the patent system had a significant or relatively large impact on the R and D decision.

But weighted by research and development expenditure, the relevant percentage rises to 22 per cent, this result being influenced by a research-intensive sector of the chemical industry.

The respondents who indicated that the potential patentability is a decision criterion in relatively large proportions of research and development decisions, consisted of an electrical appliances and equipment respondent, a chemical respondent, a paint respondent, a power tool respondent and a rubber tyre respondent.

It should be noted that all of these companies were of very significant scale in their own product sectors.

The general results for the second question, concerning the proportion of R and D that would not have been carried out if patent protection were not available, were similar to the responses on potential patentability in the R and D decision.

Of the 61 responses to the question, 44 (72 per cent) replied that it would have no impact. The relevant percentage when weighted by sales was 56 per cent, and 50 per cent when weighted by research and development expenditure.

A further four respondents (6.6 per cent) reported that up to 5 per cent of their R and D in recent years would not have been carried out it they had not been able to patent any resulting discoveries.

Again, a major research intensive chemical respondent indicated that the absence of patent protection would have a substantial impact, affecting some 31 to 50 per cent of the R and D budget.

Other respondents that reported substantial impact (over 15 per cent of the R and D would not have been carried out in the absence of patent protection) were in the electrical appliances and equipment, paper and paper products, motor vehicle parts, plaster board and paint industries.

The AIDA concludes that the responses to the survey lend little support to the proposition that the patent system is necessary in all industries to induce additional research and development.

But, the figures suggest that the patent system is necessary for significant specific sectors of national R and D.

Bank union fears foreign control

THE Australian Bank Employees Union is concerned at the growing foreign ownership of merchant banking operations and finance companies — and the adverse effects of this foreign investment on those who work in Australian financial corporations.

There are about 500,000 Australians employed in the finance industry (nearly 110,000 of them in banks).

The union says that many jobs will be at risk if foreign ownership is allowed to increase, for example, by granting ordinary trading bank licences to foreign banks.

All banks now operate large branch networks serving the needs of ordinary Australians. Most bank workers are employed in these branches (with the recent exception of the newly formed Australian Bank).

But the most profitable areas of bank business, in which only a comparatively small number are employed, are in the large corporate clients' accounts areas and in international business. It is in those profitable areas alone that foreign banks are interested.

If foreign banks were allowed to "compete" with Australian banks, they would try to take as much of the "cream" of the business away from them as possible, but they would not try to move into the branch banking area.

If this occurred, Australian banks would have to respond by boosting their efforts in the corporate and international areas and by "rationalising" their less profitable branch banking activities.

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NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

NATIONAL BUSINESS REVIEW

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Inside

Muldoon issue last blow for local loans

by Klaus Sorensen

THE latest Government premium stock issue — announced just over a week ago — has rung the death knell of the local authorities loans market.

And the National Provident Fund, which has been almost singlehandedly supporting the market in recent months, is rumoured to have made submissions to the Government over the lack of "market" in the local authorities market.

The fund is also understood to have admitted privately that it can not continue to carry the market indefinitely.

Solutions to the current imbalance could involve a raising of local authority interest rates or an alteration of institutional stock ratios — both unlikely so close to an election.

According to one market trader, the market is now "almost non-existent".

However, Treasury deputy secretary Cliff Terry told *NBR* that no specific recommendation on the current state of the local authorities loans market, or the National Provident's role in it, has been made, but "the Minister is kept appraised and informed by us."

Terry is also the chairman of the Local Bodies Loans Authority, and in this capacity he told *NBR* that the authority had considered the state of the market but at the time it was felt local authorities were still getting money from the market, even though it recognised the National Provident was providing much of the money subscribed.

Since then some members of the board had raised the Government's premium issue and Terry said he expected the effect of this issue would be looked at at the authority's next meeting.

According to Wellington City Council Treasurer Paul Guerin the market is "as tough as it has been for a while — insurance company support for the market seems to have dried up since the Budget."

He said his council had managed to get substantial finance from other sources but borrowers such as the Auckland Regional Authority were heavily dependent on the National Provident "unfortunately for the rest of us".

He felt the general shortage of funds for local authorities would inevitably lead to the deferrment of projects — and that would affect employment.

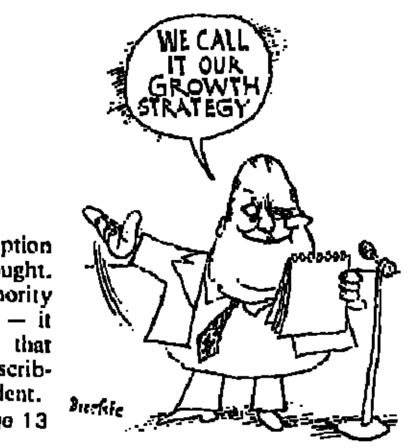
The market for the local bodies has seen the virtual disappearance of the "underwriting market" following the withdrawal by most institutions from their unofficial underwriting role in local body issues.

And the higher rates to be had elsewhere — and the increasing gulf between the local authority issues and the rest of the market — has seen the National Provident providing around 75 or 80 per cent of funds subscribed for loan issues.

Most issues are undersubscribed by between 50 and 70 per cent — even after the National Provident has coughed up its normal subscription of 25 per cent of funds sought.

One recent local authority issues sought $3 million — it got $975,000 and of that amount $750,000 was subscribed by the National Provident.

Continued Page 13



Round one: Labour's?

by Colin James

ARTHUR and Martha trying to be each other — and Fred trying to be both. The campaign, like everything else in this election, is delightfully confusing.

But out of it all, it is Labour that is likely to have made the gains, starting out to try to overhaul the deficit.

Prime Minister Robert Muldoon took the low road.

For most of this year he has been wooing shaky traditional National Party support with a low-key "growth strategy" speech. In party circles it has gone across well and he crafted it very well for his television audience.

The growth strategy has two principal benefits: it is on safe, relatively neutral (in the sense of non-doctrinal) grounds; and it is positive.

There's nothing chases away the old, established middle class and upper middle class support from National so

Continued Page 7

Dumping denied

by Klaus Sorensen

WINSTONE Ltd has denied it is dumping its Karioi mechanical pulp on the Asian market. The company told *NBR* last week that it is just being "competitive".

The influential industry "bible" *Pulp and Paper Week* claimed recently that Winstone was charging low prices in the Asian market for its mechanical pulp — because of the company's financial difficulties.

According to the October 23 edition of *Pulp and Paper Week*: "Competition in the Asian market has been intensified by low prices reportedly being charged by Winstone-Samsung, a New Zealand thermomechanical pulp mill which has been having financial problems."

Most people have interpreted this to mean Winstone has been dumping its pulp — complete with Government export assistance — on overseas markets to try to shore up its poor financial track record.

The market for mechanical pulp worldwide is variously described as weak and, according to one industry source, it is "pretty grim".

This had led to overcapacity in the industry and price cutting worldwide by manufacturers seeking to reduce their stocks.

Winstone group marketing manager Ron Nisbet told *NBR* "we have seen the article and are of the opinion that the information upon which the comment was made is incorrect. We are not dumping."

He said the current order pattern of the Winstone Samsung subsidiary which operates Karioi indicated that "by the end of this current year we will be close to budgeted tonnage."

Asked about the company's stock position he said "stocks carried are currently adequate to meet commitments." Asked about the company's competitiveness with other producers in markets like Asia, Nisbet said "the majority of our sales are under contract conditions with pre-determined pricing formulae. We have made those spot sales only following negotiations and we are thus no more than competitive."

According to the publication

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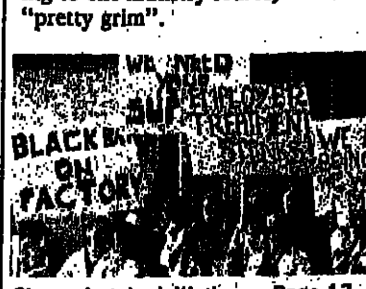


Sitters-in take initiative — Page 17

Penfold seeks Govt loan to complete winery

by Allan Parker

PENFOLDS NZ Ltd, its hopes of raising $2.5 million from the public soured by a wine-flavouring controversy, is looking for another benefactor to help it build a Gisborne winery — the Government.

The company has opened negotiations with the Development Finance Corporation about obtaining regional development finance to help it complete the $4.25 million East Coast winery.

Although Penfolds managing director Frank Yukich confirmed discussions are taking place, neither he nor the DFC will reveal the size of the contemplated loan.

However, *NBR* has been told the company wants $1.5 million. If so, the final decision will be made by the Government as the DFC board can only approve regional development loans up to $100,000.

A $1.5 million financing would probably need Cabinet approval.

Yukich told *NBR* that negotiations with the DFC began "a couple of months ago."

In early September, samples of the company's bulk hock and moselle wines were seized by the Health Department; subsequent DSIR tests found the wines contained an anti-foaming agent, propylene glycol.

A joint Penfolds-Health Department statement said the department would release the seized wine as long as kegs containing the substance were sold as flavoured wine and that the company no longer used the substance.

The statement said: "Penfolds accept that the department acted in good faith in carrying out the seizure and acknowledges that it has no claim whatsoever against the Health Department.

"And the department accepts that Penfolds acted in good faith in using propylene glycol in the bulk catering keg wines."

The week before the statement was produced in the Henderson District Court, Penfolds had withdrawn its $2.5 million bid to become a public company.

The company was intending to float two million 50 cent shares at $1.25 a share.

Chairman Bruce Cathie said in the prospectus: "Penfolds is currently involved in an extensive expansion programme.

"From inception, the financing arrangements included an issue of shares to the public to maintain a sound financial base and to increase the spread of shareholders thereby providing the foundation for stock exchange listing.

"The issue also provides the general public the opportunity to participate with Penfolds in an exciting and challenging industry."

In the event, the general public missed the opportunity. The company withdrew its public float bid and, on the day of the District Court statement, Cathie said it would be delayed for at least a year.

Among the victims within the company's expansion programme was the Gisborne winery, already one third completed.

Market reaction to the September controversy also affected the company. The large Lion Breweries chain of 23 Cobb and Co restaurants withdrew the Penfolds label as its house wine and only recently has begun reintroducing it as the bulk wine in the chain — the first in Wellington's new Cobb and Co at the mid-city Hotel St George.

The brewery will take about 400,000 litres of Penfolds wine in the 1981-82 year.

Although the value cannot be confirmed, Penfolds is "by far" the largest provider to the Cobb and Co chain.

The brewery reports in its latest annual report that it is budgeting for total Cobb and Co sales of $30 million in the coming year. For every $2 of food it sells, it sells $1 in liquor so the value of liquor sold in the chain is $10 million.

The loss of such business was obviously damaging to Penfolds and renewal of Penfolds bulk wines as Cobb and Co house wines will do much to revive the company's marketing.

Late last week, *NBR* was told by a well-informed source that Penfold sales have improved dramatically and any perceived "emergency" financing might not be so critical now.

Week that was

REPORTS of a "freeze" on public servants wages brought a noncommittal response from the State Services Commission. Whether state employed basic clerical staff are ahead of their private sector counterparts or not appeared to be the issue.

NAPIER fishermen's protest against new schnapper fishing regulations was pipped at the post when they found they had not broken the law. The "illegal" fishing ground was to be closed on November 12.

RECENT proposals to reform the EEC's Common Agriculture Policy should mean more balanced arrangements for our butter. The proposals point out a need to account for butter consumption in the community and stabilise world dairy product prices.

Week to be

MONDAY: Chemists Guild conference, New Plymouth
Fletcher Timber conference, Hamilton, to Wednesday
R W Saunders Ltd, AGM, Christchurch
TUESDAY: Andrews and Beaven, AGM, Christchurch
Mair and Co Ltd, AGM, Christchurch
James Smith Ltd, AGM, Wellington
WEDNESDAY: Burroughs Ltd annual conference, Rotorua
NZ Society of Radiographers conference, Nelson
THURSDAY: UEB Industries conference, Hamilton, to Friday

Economic indicators

A CURRENT account deficit of $202 million was recorded on overseas exchange transactions for September 1981, compared with a deficit of $58 million for September last year. For the year ended September 1981, the deficit for the current account was $843 million compared with $730 million to August and $478 million in the year to September 1981.

Export receipts in September were 2 per cent lower than September last year, though the Reserve Bank said this reflects the abnormally high level of receipts recorded in September 1980. But it also indicates some weakness in receipts for September this year.

Import payments did not grow strongly (up 13 per cent), though growth rate of both invisible receipts (up 29 per cent) and invisible payments (up 30 per cent) were comparatively high.

The current account deficit of $843 million for the year comprised a surplus on trade transactions of $888 million and deficit on invisibles of $1731 million.

GOVERNMENT borrowings in the year to September totalled $1093 million with "other official" capital receipts (mainly Reserve Bank borrowings) adding a further $145 million.

Killing trials started without union agreement

by Ann Taylor

KILLING trials have started at Oringi, the country's most modern meat works, without an agreement with the Meat Workers Union.

Pacific Freezing has hired people on its terms to clean up the works and start the trials. About 70 people are currently employed and the number could go up to 350 by the end of the season.

The four-day week debate which centred on Borthwick's Longburn plant eclipsed talks at Oringi proceeding at the same time. The unions' demands were similar — a four-day working week and first option for employment to go to card-carrying union members and secondly, unemployed people.

The union now has an organiser at Oringi signing up the company-recruited staff.

Pacific held a public meeting in Dannevirke last week which attracted 500 townspeople to hear the concept of the works, where the stock was being drawn from and the labour relations.

At that meeting it was implied that farmers putting their stock through Oringi would be charged less. Ken Findlay, spokesman for the Meat Workers Union, says this would be keeping the benefits of the new technology to them alone.

Borthwicks and the Meat Workers Union are still negotiating the start-up conditions for the Longburn plant. And, more than two weeks after the four-day week suggestion created an uproar, the parties are firm in their "we shall take everything that was said into account" line.

The Prime Minister's opening campaign address roused its first cheer from his mention of the unlikelihood of a four-day week. The union will be careful to stay clear of a confrontation at this stage and the general feeling in the industry seems to be that the issue will be in a lull until the election.

The new Takapau works got away to a head start with an agreement reached on October 20. The Hawkes Bay Farmers Trading Company agreed to pay $11 an hour for experienced butchers when meat processing reached export standards.

The number of lambs is expected to be 2.5 million (17 per cent) down on last year's exceptionally high figure. Last year there was strong competition, with public bidding and counterbidding, for stock in the lower half of the North Island.

Cessna Conquest . . . for flying through air with greatest of ease

Company plane for high-flying FCL?

by Klaus Sorensen

FLETCHER Challenge Ltd has been invited to join that select band of companies employing a company aircraft — but the country's largest company is stalling its decision.

The company is rumoured to be considering buying one, and even two, planes and a line of aircraft salesmen have been beating on the company's door trying to sell it planes worth anything up to $2.5 million.

A Fletcher Challenge spokesman told *NBR* last week the question was being looked at — but that no decision had been made.

"We have had several approaches and we have been studying the company's transport logistics, but we haven't really taken that decision very far — whether we decide one way or another is still months away," he said.

FCL executives regularly commute between Auckland and Wellington — clocking up a hefty bill with Air New Zealand.

Cessna franchise-holder Dalhoff and King Aviation has been trying to sell the company a couple of planes, one as a domestic carrier and a larger more sophisticated model capable of trans-Tasman and Pacific Basin travel.

A Cessna Corsair costs around $900,000, but the most likely Cessna FCL would buy for domestic travel would be a $1.8 million turbo-prop Cessna Conquest. *NBR* understands D & K has also been trying to interest FCL in a topline Cessna Citation — a $2.5 million fan-jet driven aircraft similar to a Boeing engine — which could easily make trips to Australia and further afield.

An increasing number of New Zealand companies are finding they can justify the use of a company plane — particularly in the light of recent Air New Zealand fare escalations.

TNL Group at Nelson has a Beech and the Goodman Group uses a Beech Kingair 8-10 seater, rumoured to be worth close to $2 million, to ferry its top executives around, as well as provide commuter transport for the Goodman brothers who are Nelson-based.

NZ Forest Products has used company planes for some years to reach its major production facility at Kinleith, the Owens Group in Tauranga gets around in a Piper and the Yates Corporation travels in a Beech Baron.

Lane Walker Rudkin has recently joined the club, with a Cessna 414 Chancellor.

But the companies need to do a fair bit of flying to make a company aircraft viable.

One industry expert told *NBR* he estimated a corporate plane would need to fly 400 to 500 hours a year — equivalent to around 40 hours a month and 10 hours a week.

The week

Govt funding sought for exportable reading aid

by Stephen Bell

GOVERNMENT agencies here and overseas will be approached to help fund the dissemination of a local electronics product designed to alleviate reading difficulty for the partially sighted.

The Viewscan portable reading aid could be the means of placing partially sighted people in employment which would otherwise not be open to them, suggests developer Dr Russell Smith, and Government funding could thus bring worthwhile payback.

The manufacturer, Wormald Sensory Aids, of Christchurch, has received encouraging response to its previous products from the British Government's Manpower Services Commission, and other devices for the partially sighted have had a good reception from United States public funding bodies.

A few "probings" of the New Zealand Government's views had been made in respect of the previous devices, but there exists no definite Government policy statement about assisting the disabled to find employment, Smith pointed out.

"Legislation in the United States more or less forces employers to go out and look for a certain quota of disabled employees," he said, and channels for Government aid, usually through individual state authorities, are much better defined.

"Here there is some mention of the subject in the Disabled Persons' Welfare Act, but it's part of the Act that's never really been implemented. We'll be looking to resurrect it.

"The Viewscan device," he thought, "stood more chance of government funding than Wormald's previous local developments, as these had been aimed at the totally blind, rather than the partially sighted.

"That has not been sufficient to make the difference between a person being employed and unemployed. Now for the first time, we have a locally-made device which can make that difference, so with Viewscan we'll be making a concerted effort (to interest Government)."

Viewscan was designed and manufactured in Christchurch; while certain parts, such as the electronic microcircuits, were imported from the United States and Japan, Smith estimated that 75 per cent of the device is local content.

Viewscan . . . all it needs is money

Using a patented miniature "camera", the device picks up the light and dark portions of a printed or written line as the camera is moved along it, and converts them into electronic signals.

These then drive a flat screen of illuminated neon elements, which presents a magnified version of the image on the page.

Magnification can be adjusted in eight steps from four times to 64 times. The image can be presented in light-on-dark or dark-on-light form, and as moving or stationary.

In the former mode, the lettering moves across the screen at a speed controlled by the movement of the hand-held camera along the line. Otherwise, the display builds up from left to right until it reaches the right-hand edge of the screen, and then begins again from the left, erasing what was previously displayed.

Cost of the device is $3500. "People tend to react against that," Smith admitted; "they expect electronic devices to be cheap . . . I don't see a lot of units being purchased by individuals from their own funds," and this is where Government support will prove invaluable."

There is also the possibility that employers will buy Viewscan to enable them to offer employment to partially sighted people. "That has not been uncommon (in the case of aids for the partially sighted) overseas," he told *NBR*, "so I certainly wouldn't rule it out."

There is a wide export potential for the device; Smith expects that as much as 95 per cent of the firm's product will go overseas.

When fully geared up for production, Wormald expects to be able to turn out about 1500 Viewscan units a year.

The company already has subsidiaries in Australia, Britain and the United States, and also expects to market in Europe.

Competitive devices are based on conventional television screens, which reduce portability, though cost is of the same order, Smith admitted.

From Page 1

"demand for mechanical pulp has been weak for more than a year and some producers have been forced to take downtime. Supply will soon be increased by start-up of a new market thermomechanical pulp mill in British Columbia next month."

Canadian mechanical pulp shipments were down 11 per cent to August 1981 with exports being responsible for most of that decline, being down 30 per cent.

"Industry executives say demand from Japan has been particularly weak, partly reflecting production curtailments of as much as 40 per cent in fine paper under an anti-recession cartel."

A more general factor depressing the market has been the availability of bleached hardwood pulp at discounted prices only slightly above those for bleached mechanical grades.

Pulp and Paper quotes "one large eastern Canadian mechanical mill says it has been operating at close to 80 per cent but may take some downtime next month to reduce stocks."

Given the current weakness in the market, the publication says there is concern about supplies from the British Columbia mill.

Editorial

IF you can't beat them, join them, might have been the advice which determined the contents of Finance Minister Rob Muldoon's latest monetary package. He no doubt recognised that talking down — or rather, threatening down — interest rates wasn't having the spectacular results he presumably wanted. And so he has added some sweetening to the bonus bonds and inflation-proof bonds to give them greater appeal in the likely expectation they will draw the public's investment money from the private to the state sector. For good measure, there is a new tap issue (with increased effective rates of interest, compared with the yields for previous tap loans, which should make abundantly clear that setting interest rates policy by example is hardly the Muldoon way).

One obvious aim of this long-overdue bid to increase sales of government paper to the general public is to help finance the Government's deficit before borrowing without pushing inflation. The inflationary alternative was to issue more credit. But that would have increased the money supply — and another basic objective of the monetary package was to sound a clear warning that the lending institutions must stem what has been a spectacular growth in the money supply.

As Reserve Bank deputy governor D L Wilks explained: "This action will also affect the reserves positions of financial institutions and help persuade them that there is a pressing need to moderate the current credit expansion." He pointed out that private sector credit had expanded by 26 per cent in the year to August 1981, a rate which was "clearly unsustainable".

There had been warnings — in the Budget statement, for example — that the Government would act to offset excessive credit growth. But governments have a remarkable incapacity to implement appropriate economic action in an election year when the consequence might be a flagging of their electoral fortunes. Indeed, they are inclined every three years to let the money flow in the hope that a contented electorate will return them to office, when they will turn off the taps and clean up any economic mess that has resulted from their beneficence. The result this year is reflected in surveys which show business confidence to be bubbling and in high levels of consumer spending.

But officials should preoccupy themselves with matters other than votes, and the Reserve Bank is known to have been concerned about the growth in the money supply for some time. The Minister of Finance, in almost cocky contrast, was giving every indication he was ignoring official advice, which was reinforced by the expertise of the International Monetary Fund, that he should adopt an active policy of raising money from the public. That, perhaps, prompted one finance writer to describe the latest measures as a "startling switch in monetary policy . . ." Perplexing, frustrating, bemusing, or belated perhaps. But after six years' experience of Muldoonian fine tuning and fancy footwork, the finance sector should be conditioned to expect the unexpected and to be startled by none of the Finance Minister's stop-go, ad hoc masterminding of the economy. If there was cause for surprise, it was not so much in the contents of the monetary package but in the timing of its announcement — just four weeks before an election. Governments are disinclined to take strong anti-inflationary steps on the eve of an election campaign — and election considerations undoubtedly have loomed large in Muldoon's year-long reluctance to deal with the money supply. Normally, he would have been expected to wait until after an election he is confident of winning to jolt us back to reality with a raft of measures to stem the tide of monetary growth. Sure, he would have been accused of putting political expediency before economic prudence, but that has never bothered him in the past.

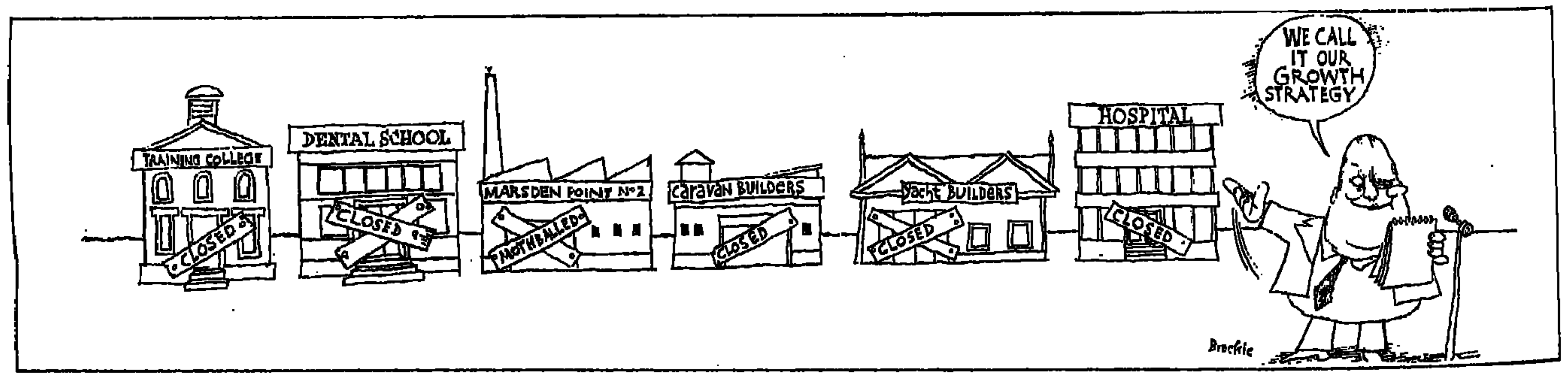
The fact that he chose to act now gives cause to wonder about the state of the economy, and for musing on what has made so timely the implementation of those monetary measures now. By transferring money from the private to the state sector, the Government not only will effect a disinflationary drying up of loans funds; it will also put the squeeze on businesses, which in turn will tend to result in increased unemployment. And the omens suggest that much more painful measures lie in store.

Local bodies are already feeling the pressures of the Government's flexible interest rates policy. Their controlled rates have fallen well below competing rates, including those of the latest premium issue, and they are finding that they must rely almost solely on the National Provident Fund for subscriptions because other institutions have abandoned the local authorities in favour of the more attractive rates elsewhere in the fixed interest market.

Treasury seems satisfied that the local bodies are adequately served by the National Provident contributions, but the average local authority issue is substantially under-subscribed. In those circumstances, local authority fears that their hamstrung funding programmes must result in deferred works (or hefty rates increases?) cannot be dismissed.

The solution to the problem might be simple — like raising the local body interest rate or altering the institutional stock ratios. But simplistic solutions are apt to have unfortunate political repercussions, and the Government's monetary performance has already raised the hackles of financiers who traditionally lend their support to the National Party.

— Bob Edlin



Without word of a lie

Spare a thought . . .

GRAFITTI artists are on the road with their own hustings analysis. Spotted in an Auckland cafe:

Descartes: I think therefore I am!

Muldoon: I think big . . . I am big.

Ron Don: I don't think therefore I'm not much.

Merv Wellington: I think . . : ?

Ben Couch: I think just in case I am.

Brian Talboys: I think . . . I'll retire.

Think 'out'

THE most exalted of Government departments — the Prime Minister's think tank — will soon need a staff top-up. One-time senior lecturer at Victoria University's industrial relations centre, Don Turkington, has been on secondment to the PM's Department for the last two years. But rather than go back to the centre Turkington is going to work for top Auckland sharebrokers Buddle Wilson and Company.

The centre is understood to be just a little relieved because Turkington, despite a PhD on the causes of strikes and conflicts in the freezing and construction industries, lost kudos with the FOL and PSA by going to work for the PM.

And while we're on think tanks, we hear that Opposition Leader Bill Rowling is building up his own counterblast — a committee recruited specifically to think up all the good reasons why National's ideas won't work.

It will be known as the Sceptic Tank.

Togetherness

WE all know the unions are a dreadful bunch of troublemakers, who rarely do anyone a good turn.

So imagine Skellerup Industries Ltd's surprise when the Canterbury Rubber Workers Union turned out to be quite nice fellows.

In the conclusion to his annual review, Skellerup chairman Sir Val Skellerup thanks customers and suppliers who assisted the company during the year, adding "and strangely enough we are also grateful to the Canterbury Rubber Workers Union for their assistance in maintaining a good relationship with our staff and for their efforts to support local manufacturers interests with Government contracts."

Wrong dosage?

THE private enterprise lobby may have to hang its shingle some distance from Geraldine with the pending closure of the local linen flax factory.

The lobbyists pressured the Government in 1977 to sell its interests in the state-owned Linen Flax Corporation. They asked what civil servants would know about linen flax and maintained that private enterprise should be given a chance.

The National Government gave them the go-ahead. And now, after nearly 40 years on the site, the factory is shutting its doors, despite the stiff dose of private-enterprise medicine.

Economy of words

SPOTTED on the door of a member of that much-berated profession: Bill Birch is to economists what David Lange is to hang gliding.

Dead certainties

DRUG-runners and others who need passport changes to avoid more concentrated attention from Customs offices have been using the old trick of going to a cemetery, reading the tombstone of a person born about the same time, applying for a birth certificate and then getting a passport based on that birth certificate.

Is it too much to ask bureaucrats, after twenty years of this technique, publicised again in the latest drug trial in Auckland, to match death certificates and birth certificates, or at least to stamp birth certificates with the date of death? It would be nice to make it just a bit harder for the crooks at the expense of intelligence and energy from the public servants concerned.

Keeping tabs on MPs

WHILE the Commission for the Future talks — in its Network New Zealand think-piece — about using electronic networks for public referenda some time in the next 30 years, your voting terminal is already waiting just around the corner — it's called the TAB. A nationwide network, based on powerful central computers and in the midst of moving to the next generation, it provides potential electronic voting booths just a few hundred yards from everyone's door.

Between the lines

TONGUE-in-cheek? Or foot-in-mouth? Or egg-on-face?

The New Zealand Manufacturers Federation agenda for its recent annual conference in Wellington provided for a presentation to retiring parliamentarians "Messers Adams-Schneider and the Hon W W Freer".

Does this reflect the federation's (Freudian) assessment of the former Industry Ministers' contribution to their portfolios?

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Labour makes the running — at this stage anyway

From Page 1

quickly as Muldoon at his most negative, so the party folklore goes since the 1978 Muldoon campaign boilovers.

And the growth strategy, unlike all this stuff about "more market" which excited party activists in 1979 and 1980 (and will excite them again next year), does not frighten off Muldoon's special constituency, the conservative working class.

Since in an election in the midst of high inflation and high unemployment National needs every vote it can raise or hang on to, talk of freeing up the market was not really on.

On the other hand something had to be done to keep the redneck element onside.

Since he could not do it with bombast and update style, he had to confine the appeal to words — reassuring pro-tour people about sporting contacts, talking about dictators in the Commonwealth and so on.

As it turned out, that was all the polite, ticketed and police-vetted audience could respond to with any enthusiasm.

There was some disappointment among Nationalists last week that he was not more upbeat, but the general reaction was favourable.

Thus encouraged, Muldoon kept on with this low-key reasonable approach last week in meetings and talkbacks, even restraining himself in his comments on the other two parties.

Even in dealing with the possibility of a hung Parliament, he was no longer the dismissive autocrat, but the reasonable accommodator: "They (Social Credit) say they would not overturn a Government. That would be all right with me. We'd just box on."

But can he, as one senior party officer put it, "last the distance"?

Or will he be tempted into one of those damaging sideswipes?

That may depend on how well he thinks Labour is going.

And Labour thinks it is going well. After Rowling's upbeat opening, there was something close to euphoria out in candidateland.

Rowling is not naturally upbeat any more than Muldoon is naturally low-key. He is at his best in small groups, where reasonableness and qualifications, as distinct from simple slogans, come across best.

But there he was in full cry — and looking and sounding much more the part than ever he has in the past.

His problem is to look "strong" enough in public to hold back those conservative working class waverers. That means a bit more of the "use your head for more than to hang your bloody hat on" he flung at a pro-tour freezing worker.

And it means looking confident. He does. The Rowling that survived the coup last December has become much tougher inside the caucus. Gradually bits of that have been showing in public.

At his opening he was full of one-liners (once he had to crank like hell to get a funny out and then it would drop on the floor with a thud). He seemed remarkably at ease, a far cry from the battling, grim, lonely figure of 1978.

It showed in the audience reaction. Three years ago sentiment for the battler got them cheering, with warm affection but not much hope. This time there was electricity in the air, a spontaneity and enthusiasm such as I have not seen from a Labour audience since at least the Kirk years — and I think beyond.

Content was different, too. Rowling's speeches have been full of sentimental ramblings about people sleeping in the gutters. Waffle wows 'em, seemed to be his motto.

His opening still was a bit woolly and he still lost good lines in the rush. But the speech was harder-nosed than usual for him — an economic speech, zeroed in on jobs, tax and inflation.

The hard heads in his camp were cautious about counting voting chickens last week. But they were also allowing themselves to think that if he kept up this tougher, tauter style, they might just do it on November 28.

Two big roadblocks have to be negotiated yet, however.

One is the cost of the promises. Rowling ducked that. No one asked where the money was coming from to finance sending troops overseas in the Second World War, he said. In other words, trust us.

National will no doubt gradually twist the knife in this conveniently unbound wound — and if Labour bleeds too much from it, votes might bleed too.

In 1972 the cost of the promises did not matter to the electorate, but in 1972 the electorate was feeling affluent and expansive.

The other roadblock is Social Credit.

Bruce Beetham's frenetic, schoolmasterish opening speech will not have won him much. He had good points to make but they went past with more dash than drive.

If Muldoon and Rowling are each forced to look two ways at once, so is Beetham.

On the one hand he has to convince people Social Credit is worth voting for because it may have a real voice in the next Parliament and is a potential Government or alternative government.

But on the other he must not frighten off dissident voters who think they can with impunity vote his way to teach their preferred party of the big two a lesson.

Unlike the other two, who must hold on to or win back old support susceptible to slippage, Beetham must stretch a very wide net.

This he tried to do in his speech: a bit of Social Credit theory; some tax; some emphasis on the individual against socialism; some emphasis on social justice against laissez-faire; an attack on inflation; togetherness; New Zealand versus foreign multinationals; individual *and* co-operative enterprise; sharp criticism of the old parties.

For 15 months or so Social Credit has ridden a wave of discontent where policy did not matter too much.

As far as winning National votes goes — and winning Labour votes in National seats to tip out National MPs — that probably still applies.

But if Rowling can get some momentum going for Labour, potential Labour deserters in Labour-National marginals may take more persuading and the wide net will have to be deployed very skilfully.

Paradoxically, though National is its target for seats, Social Credit's greatest need is to be anti-Labour — to get its share of what anti-Government fallout there is (and perhaps keep National in?).

But one ominous sign for Beetham: The hall was not full. Six months ago it would have been overflowing.

Tiptoeing through TV tinsel tatters

by Warren Mayne

GIVE an advertising man a 45-minute king-sized TV commercial to play with, and we get what we've always suspected — evidence that the advertising industry should stick to 60-second bursts on detergents, foodstuffs and new cars.

Gift-wrapping politicians is a no-win hard sell — and the message-sweeteners discovered that last week with their three election opening orations.

Given a free hand by TVNZ in the direction of their own opening extravaganzas, National and Social Credit's Parnell and Grafton advertising trendies couldn't come up with the tinsel packaging their products really needed.

Only Labour — toughing it through without a full-time agency — got any value for its money and its leader.

But maybe the three-piece-suit advertising whizz kids shouldn't cop all the blame for lacklustre Muldoon and Beetham TV performances. Politicians — a product sold to us without any money-back guarantee — ultimately make or break their own images.

Prime Minister Muldoon opened the electioneering season last Monday, obviously under trainer's orders not to bolt at the start. Under tight rein, he looked as if he'd been nobbled.

Where was the hellfire and brimstone platform spoiler of yesteryear? Where were the hecklers he scores off so entertainingly? Come to think of it, where in this handpicked audience was there anyone who couldn't have been replaced by canned applause?

A moribund audience was the last thing the Nats needed. Nor could they afford the "expert" calling the TV shots to dwell on the PM's profile. The prime ministerial side view is not a pretty, or rather, not a vigorous and youthful sight; the agency TV director merely played to Muldoon's physical weaknesses when assertive leadership was the desired impression.

By contrast, Labour's Bill Rowling always appears flaccid face-on to a TV camera; in profile he exudes some animation. The Labour media gurus last Tuesday night sensed that admirably, and concentrated on the side-on.

In contrast to the restrained Muldoon, Rowling projected an evangelical style, abetted by an audience with the right infectious enthusiasm, and good-intentioned hecklers who added to the liveliness that came across on TV and gave Rowling openings for throwaway lines.

A cross-section of age groups gave the TV cameras ideal scope for audience cutaways as diversion from Rowling, whereas the Nats mostly avoided showing us their staid middle-aged ticketholders and settled for film inserts of kids in playgrounds, dead fish and mute sheep.

Socred's Bruce Beetham, by further contrast, was the only one of the trio who didn't consciously stand alone, centre-stage, feigning assertiveness. Beetham opted for a lectern that he turned into a pulpit for a non-stop sermon for the ageing faithful, a finger-waving, fast-track high-decibel exhortation to salvation.

Both Beetham and Rowling pointed out the purgatory around us and filled their allotted time with an unrelenting vision of a better after-life (post-November 29). Both paid the price to varying degrees as a creeping "it's too good to be true" reaction engulfed viewers. But then, Muldoon's "follow me, little children" step-by-step trip up the growth ladder became equally wearisome, even if interspersed with predictable playing on proven prejudices.

Of the three leaders, Muldoon probably came nearest to conveying a comprehensible overview of his party's campaign strategy; Rowling gave an encore of his 1978 campaign, partially overcoming once again his usual negative public image, as well as landing a well-turned jibe or two; Beetham's achievement, after all his boring theory was done with, was giving us a taste of the gutsy "a plague on both your houses" his rivals too politely refrained from.

And so to the advertising inserts — those party TV commercials we are being assailed with for the rest of this month.

- National's from Dobbs Wiggins McCann Erickson — dismally pedestrian. A dreary pseudo-patriotic dirge playing over stock travelogue-style film footage of New Zealand's scenic splendours is the sort of mediocrity that puts TV advertising back decades, particularly when Duncan MacIntyre, tending his sheep in the paddock, is the most animated element. Verdict: Bad and boring.
- Socred and Omega Communications also got into the rousing ditty and scenic wonderland routine, but at least offered a few standard electronic presentation techniques pioneered after 1963. The kowhai logo came across well, even with the uncomfortable zoom shot into Beetham and presumably a full 90 of his would-be MPs on the steps of Parliament. (Remember, though, Labour in '75 tried the same trick with its parliamentary team in the TV commercials that preceded its downfall.) Verdict: Noteworthy mainly for a professional directness not previously seen from Socred, and the "give us a go" appeal to Kiwi fair play.
- Labour offered imagination, enterprise, talent and ideas — whatever that may be worth in the long run — on the "with a little help from our friends" rationale. If the friends (or paid performers) include actors of the calibre of John Banas, Kelly (*Goodbye Pork Pie*) Johnstone, Ian Watkin and Michael Wilson, willing to dress up in kiwi suits (or in Banas's case as a smoothy with a vaguely Muldoonish manner), Labour's commercials approach actual entertainment.

With actor-writer-director Ian Mune masterminding, these are quite cheerfully performed little allegories of economic "realities", in which the good guys wear beaks and the villain is unmistakable. Gross simplifications, of course, but at least these vignettes convey a message painlessly.

Whatever their merits, however, all three parties' TV teasers are a giant facade; images of each's version of a never-neverland claimed to be New Zealand. Sham, contrived confectionery bearing little relevance to the real decisions facing the country.

But then, when each was given a 45-minute national TV audience last week, none of the flesh-and-blood leaders came much closer to reality.

Warren Mayne is an NBR journalist specialising in media affairs.

Letters

Carton controversy

THE Milk Promotion Council is concerned that a gross confusion in Warren Berryman's October 26 article may mislead your readers and prevent them from understanding the milk carton controversy.

He reported Purepak allegations of a conspiracy to restrain trade which could force consumers to pay twice the price which would be required for cartoned white milk if Purepak had been allowed to compete.

Unfortunately he did not state clearly whether he was talking about long-life white milk, or fresh white milk, or both. Their packaging needs are different.

Long-life white milk is a specialised product with high processing and packaging costs. These costs enable milk to offer a product which lasts six months in the pack without refrigeration.

Because of the cost, the market is limited and specialised. Only people with a real and compelling need for a product which offers endurance without refrigeration are likely to buy it in quantity.

Long-life white milk absolutely must be packaged in cartons which are light-tight and proof against bacteria, moisture and oxygen, in order to be able to offer six months' storage at ambient temperatures.

The only plant in New Zealand producing long-life white milk has been installed by the Dairy Board at Takanini. It also produces Zap long-life flavoured milk beverage, and is a Tetrapak plant.

When the Dairy Board sought equipment, the best system Purepak could offer provided only 30 days of shelf-life — with refrigeration. It did not meet the specification, and Purepak later withdrew the offer.

Nor does Purepak offer any carton in New Zealand suitable for packaging genuine long-life milk. Their cartons are not aseptic or proof against moisture, oxygen and bugs to the standards required for this product.

So Purepak was not among the competitors for long-life plant and cartons. That being so, the company can hardly complain about restraint of trade or discrimination, if it failed to win those orders.

Mr Berryman must therefore have been talking about the postulated use of cartons for the fresh white milk which is now sold in bottles in New Zealand.

There is no possibility in the world, however, that using bottles could cost the consumer twice as much as the price of fresh white milk in Purepak cartons. On the contrary, cartons cost more.

The last figures we saw estimated the cost of packaging in cartons for fresh white milk at five to six cents for 500ml, against the present 0.8 cents for 600ml in bottles — about seven times dearer in cartons.

These figures make reasonable sense. In Australia, where bottles have a lower trippage rate, the retail price differential between fresh milk in cartons and fresh milk in bottles is 3 to 4 cents.

Excessive cost to consumers is one primary reason why Government has refused to date, in the public interest, to permit anyone to carton fresh white milk.

Here in New Zealand, governments have always regarded milk as a basic staple food in family diet, and have taken pains to ensure that unnecessary costs are not loaded on it in family food budgets.

Second, since no suitable cartons are made in New Zealand, cartoning fresh white milk would involve an imports bill for 500 million cartons per year — an avoidable national burden.

Third, neither local authorities nor environmental interests see merit in adding 500 million cartons a year to the waste disposal system of the country and the litter in the streets.

It can hardly be regarded as a conspiracy against trade when decisions are made to hold costs down, save foreign funds, and avoid litter, in the interests of the nation and the public.

A sounder case could be made of conspiracy against the public interest if such factors were ignored simply to serve the private interests of a particular foreign-owned cartoning company.

H V Parkinson
Chairman
New Zealand Milk Promotion Council

The days of reckoning

IN reporting the recent Commonwealth Heads of Government get-together in Australia all the media missed the basic truth. Prime Minister Malcolm Fraser centred the conference on the problems of the division of the world into the have and have-not countries. The media, including the *National Business Review*, missed the central economic fact of the world situation. So did all those attending the conference including Prime Minister Rob Muldoon.

It is impossible for the third world nations to repay their debts in real terms: Increased worldwide inflation and eventual defaults will be the result of attempting to apply orthodox financial and economic ideas.

The relending to the debtors of both principal and interest only postpones the day of reckoning. What is going on now is similar to what took place after World War I. The government and people of the United States rolled over the war debts of the allies and lent Germany the money to pay reparations to them. The Dawes Plan only postponed the time of defaults and World War II.

J M Keynes resigned public office and quit the Versailles Peace Treaty Conference. He later explained the impossibility of Germany paying the reparations to the allies in his "Economic Consequences of the Peace". Still the United States government, financial institutions and even the small rural banks channelled the savings of America into lending to Germany on the supposed security of Germany's bonded assets and industrial ability to pay.

What is happening now is similar to what happened then. Extending the due dates of debts of the have-not nations and granting new, orthodox and "soft loan" finance to them is no solution.

It is impossible for the debtors to repay in real terms! The failure to recognise this truth arises from the fundamental fault of the present mixed-economy system. The "accepted economic wisdom" has totally blind eyes to its own fundamental fault.

John R Perkins
Tauranga

Confused in their ideas?

CEDRIC Blaymires' letter typifies the confused ideas of the Social Credit Party.

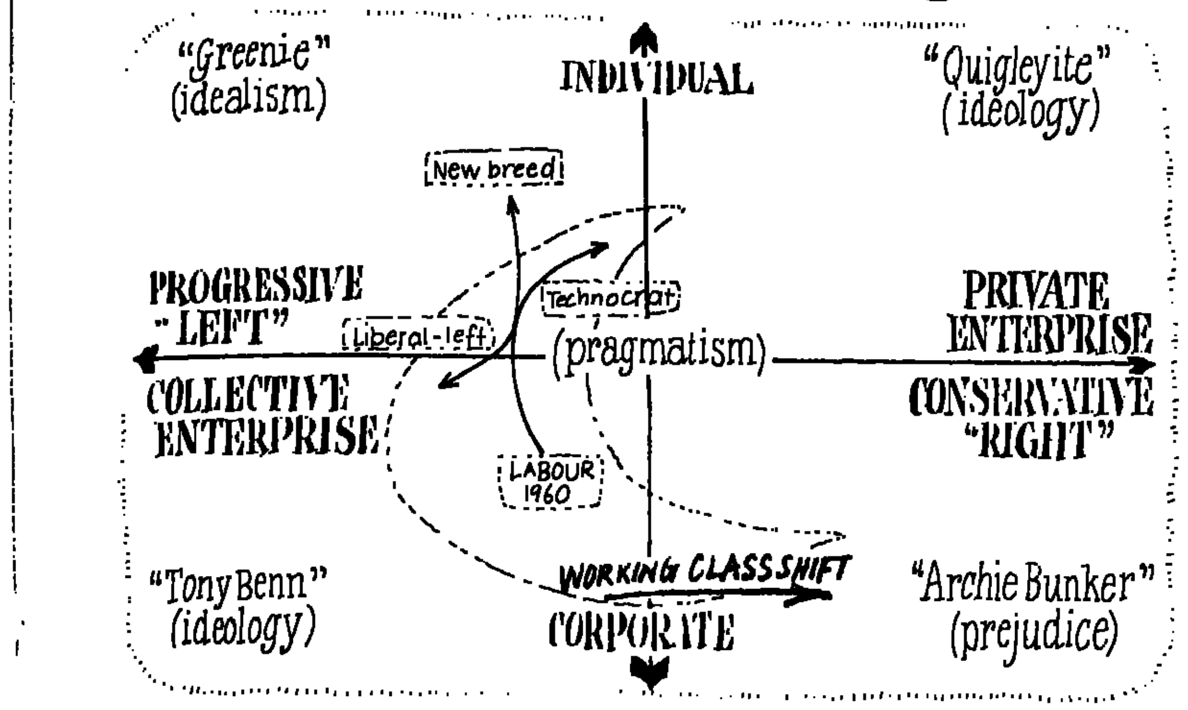
Unlike Mr Christie's article, there was no constructive criticism, formulation of logical argument, etc. I would have expected a little more effort from a man who (assuming he takes himself seriously) aspires to take part in the administration of our country.

I would suggest to Mr Blaymires that he first spend some time reading a basic economics text before he contributes further to your journal.

B Sheather BMS
Whakatane

Politics

Labour's battle of the bulge — 1981 version



by Colin James

ONCE upon a time Labour was the party of the workers. Unions set it up to get through political, what they could not get through industrial, means.

It isn't like that now.

Union influence is shadowy. Formal activity by the unions on Labour's behalf at elections is low in both money and manpower.

This year, though, there is more evidence of involvement by individual unionists, formal support is confined to not much more than not getting involved in a a big stoush close to the election (at least up to the point of writing).

There is no doubt that union leaders see more likelihood of more sympathetic legislative treatment from a Labour Government than a National Government. In that sense they prefer Labour.

But a fundamental ambivalence in the attitudes of ordinary union members discourages unions from developing too great a partisanship.

While union members see a corporate value in the union as a protector of their livelihood, that evaluation no longer necessarily coincides with a "left" or "socialist" political solution.

After the heady days of the 1930s, the Labour Party followed these conservative workers who formed the core of its support rightwards into rigid anti-communism and moral conservatism (see chart).

But as the 1930s breed died out and the party began to regenerate from the mid-1960s onward, the party began to move in the other direction, towards a more idealistic, "left" position.

This was the influence of the educated sons and daughters of the working class and other assorted altruistic "intellectuals" of the new middle class produced by universally available university education.

In the party at large it is this "liberal-left" group who make the running. They are popularly vilified as "trendy-lefties", too sympathetic to protesters, law-breakers, communists, blacks, welfare rip-off artists, homosexuals and other objects of Archie Bunker prejudices.

They are in sympathy with the working class's economic needs, which by and large fall in the bottom left quadrant of the chart: collective power, with corporate (state) assistance, to overcome individual powerlessness.

Since more working class people feel economic need more intensely at the moment, there may be a greater sense of alliance between them and the liberal-left this year. Some canvassing evidence and survey evidence supports this assumption.

But beyond economic needs, and especially among those who are "all right Jack", the liberal-left and the working class do not have that much in common. It is a long way from white wine to draught beer; or, to put it another way, from opposing apartheid to having a good game of footie.

The liberal-left is not all there is to the Labour Party, however. It does have its Mick Connolly and, in flashes, its David Lange and its new candidates Geoff Braybrooke and Dennis Duggan who form a thin wedge thrusting into the bottom right quadrant.

More importantly, Labour has also two groups of parliamentarians who belong most properly in the top left quadrant.

Ann Hercus . . . new breed Labour MP.

One group is the new breed — typified by the Christchurch trio of Geoff Palmer, Ann Hercus and David Caygill.

In intelligence, hard work and political promise, these three are the match of any in Parliament. They have the potential to be a 1980s equivalent of those gaints of the 1960s, Ralph Hanan and Tom Shand.

Their appeal, taken by themselves, is probably principally to the liberals who belong in the top of the chart and have been progressively abandoned by a Muldoon-led National Party.

The new breed has formed a parliamentary alliance with the third group, the technocrats. Among these are an uneasy, but influential trio, Bill Rowling, Bob Tizard and Roger Douglas.

They find themselves close to the pragmatic centre of the chart, Rowling being a bit to the left and Roger Douglas off to the right and upwards in the free market direction.

Outside Parliament the liberal-left holds sway, numbering among themselves president Jim Anderton. Inside Parliament their most prominent protagonists are Mike Moore and Mike Bassett, and perhaps, that Semple-like fireball, Richard Prebble.

This accounts for the big bulge in the Labour crescent.

But for the time being the weight inside Parliament lies with the alliance in the top of the crescent.

If that weighting held good in a Labour Government — and there is probably a 40-60 chance it would — it would produce basically liberal, pragmatic government with a pull towards welfarism, but only if there was enough money.

The more this appeared to diminish the influence of the "bulge", the less the Archie Bunker vote might feel estranged from the party it once felt naturally a part of.

And — more ominously for National — the more Labour might eventually come to occupy or spread its net over the middle ground that Sir Keith Holyoake made so particularly his own in the 1960s.

But that is looking beyond the election. If voters catch sight of that sort of Labour Party before the election, it could pull together landslide voting proportions.

If they don't, and, given the size of the bulge, there is no compelling reason they should, Labour cannot hope for more than its 40 per cent of 1978 and might well end up with less. Though much has happened inside Labour since 1978, this election, no less than that one, is a testing one for the party.

NEXT week: National has its tensions too — and worse.

The polls

Performing well, but still polling badly

by Colin James

LABOUR leader Bill Rowling lifted his public performance in his campaign opening last week — and he needed to if the Television New Zealand-Heylen Poll is to be believed.

That gap, which has been widening ever since midwinter, went on widening during October. It was back to just under 10 points — leaving National in the driving seat for the campaign.

National Party officials who last week were predicting a win on the strength of their own surveys would have found confirmation in the Heylen result.

And for Social Credit, which last week was predicting a resurgence for the run-in to the election — and the balance of power — the news was also bad.

That mysterious spring bounce, which seems to have occurred for each of the past four springs, seems to have demystified into sog.

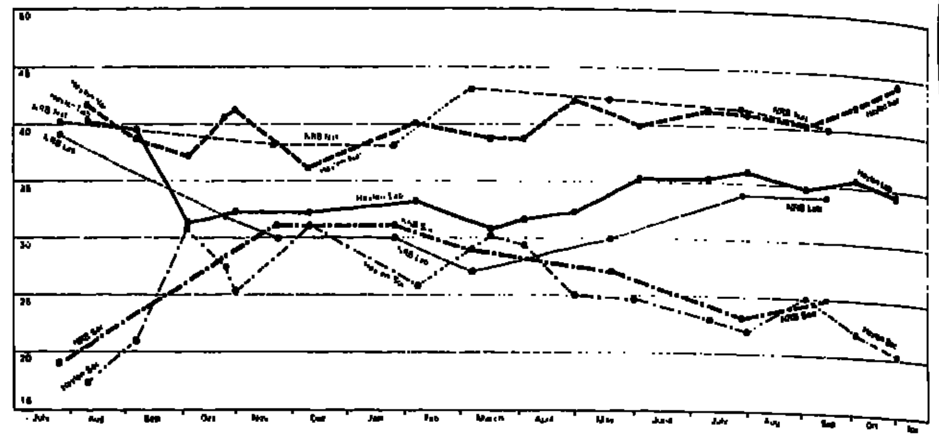
And it is National — or rather, probably, Prime Minister Rob Muldoon — that seems to have picked up the fallout.

Yet Labour has been reporting a remarkable upsurge of support among liberals in places like safe National North Shore.

So are we seeing a realignment of the parties? Have those working class votes Social Credit has been shaking loose from Labour been heading off to Muldoonland?

Liberals to Labour, working class conservatives to National — that would make deep, immediate problems for Labour and deep long-term problems for National.

And for the election it could make for some strange results — if Rowling does peg back some of that gap. There are plenty of 1972-type signs that suggest he is pegging it back — but clearly the polls are picking up bigger signs in the opposite (and correct?) direction.



Exchange rates

AS at November 5, NZ dollar sells at:

Britain	.4405
US	.8227
Canada	.9851
Australia	.7213
Fiji	.7230
France	4.5981
Hong Kong	4.6891
Japan	186.23
New Caledonia and Tahiti	83.24
West Germany	1.8165

BCNZ beats Muldoon to audit bias

by Warren Mayne

THE Broadcasting Corporation is quietly forestalling a repeat of last election's complaints of biased coverage. This time it is auditing coverage on a daily basis, rather than being caught wrong-footed by Prime Minister Rob Muldoon's version.

After Muldoon's allegations in December 1978, the corporation had to undertake its own retrospective "audit" of the coverage to reply to him, and also Social Credit leader Bruce Beetham's complaints.

This election, the corporation has set up its own top-level audit committee, monitoring balance daily and meeting weekly to redress any imbalances among the three parties as the campaign proceeds.

Chairman Ian Cross heads the committee, with secretary Ian McLean, directors general Geoffrey Whitehead (Radio New Zealand) and Allan Martin (Television New Zealand) and news controllers Geoff Harte (RNZ) and Bruce Crossan (TVNZ), along with head of standards Peter Fabian, a former NZBC news editor a decade ago.

News and current affairs programmes are required to submit daily "logs" of the coverage afforded each party, for what has been dubbed a continuing "stopwatch check".

The committee will assess weekly whether any party (including minority parties) have been disadvantaged over the preceding week and can direct that redress be made in the ensuing week. Also under the microscope is the objectivity of professional commentators.

The "bible" of coverage is the guidelines issued a year ago which among other things direct BCNZ journalistic executives to avoid fostering a "presidential campaign".

The corporation has also explained, in a staff memorandum, the reasoning behind its controversial decision to give Social Credit the same amount of free time on TV and radio as the traditional "big two".

The first criterion is nationwide organisation and philosophy "over a period of time", but instead of the past measuring stick for apportionment of time, seats won and percentage of the vote the previous election, are new guidelines:

- "Voting trends over past general elections and in by-elections since the previous general election;
- "Whether a party is represented in Parliament;
- "The number of electorates in which a party is presenting different candidates for election;" and (most interestingly)
- "Public interest, as expressed in all forms of public discussion since the previous general election."

Economics

We can't get it both ways — clear and comprehensive

by Bob Edlin

FINANCE Minister Rob Muldoon has gone from the sublime to the ridiculous — or is it the other way round? — in his statement accompanying the Public Accounts for the half-year to September 30.

The accounts give us the last published assessment of the Government's fiscal performance before the election.

But in six accompanying paragraphs, Muldoon tells us scant little to throw light on the bald figures.

Perhaps this column should be held responsible. Last time our Rob released the quarterly Public Accounts, he drew attention to the simplified format in which the raw data was being presented, then made some complicated (and incomprehensible) observations about them.

We suggested that in future he tell us a bit more clearly and comprehensively what is going on.

He has responded by putting the emphasis on the "clearly" and ignoring the "comprehensively".

For example: he explains that "the requirement under the Public Finance Act 1977 to publish each quarter a summary of the public accounts and the Audit Office report thereon was basically to keep the public informed in respect of financial transactions occurring within the Public Account."

But there's nothing to explain Government spending of \$494 million more than it earned during the second quarter of the 1981-82 year — the highest record deficit ever recorded for a September quarter (and equivalent to more than 18 per cent of Government spending for the period).

He might have told us something about total Government spending for the first half of the year — almost \$5179 million (an increase of 17.6 per cent, but below the growth rate of 19.5 per cent for the 1981-82 year estimated in the Budget).

Certainly, he should have explained why total receipts for the six-month period were \$3862 million — an increase of 20.4 per cent over the corresponding period in 1980-81 and significantly higher than the 16 per cent rate of increase forecast on Budget night.

Receipts from customs duties and sales taxes grew especially rapidly — up 37 per cent from \$521.3 million in the six-month period last year to \$714.4 million this time (reflecting an increase in imports and higher retail and new car sales).

Income tax receipts increased by 18.5 per cent over the half-year period a year earlier. That rate of growth — slower than the increase for most other receipts — is above the 17 per cent rise forecast in the Budget.

The Government is financing increasing proportions of its deficit overseas.

Overseas borrowing to finance the deficit has risen from \$419.3 million in the first six months of 1980-81 to \$997.4 million in the half-year to September 30. Repayments increased from \$224 million in the half-year last year, to almost \$427.6 million this time.

Net borrowing overseas has increased, from \$181.6 million, to just over \$560 million.

On the other hand, net borrowing in New Zealand was \$454 million — significantly down on the near-\$600 million borrowed in the six-month period last year.

Without explanations from the Minister of Finance, the public can find out only how the State's revenue has been spent but not the actual levels of activity within the various State sectors.

Only 34 per cent of the budgeted allocation for transport and communications has been spent with half the year gone. More curiously, only 43 per cent of the budgeted allocation for development and industry has been spent.

It's unlikely the Government has eased back its activity in this sector, considering its importance to the growth strategy. Rather, whatever has been spent will show up when it is paid for later — and only then will the actual level of activity become clear.

COMPARING GOVERNMENT ACTIVITIES WITH BUDGET ESTIMATES

Expenditure (net)	1981 Budget Estimates ($ million)	Actual Sept Budget Transactions ($ million)	% of Estimates
Administration	929	481	52
Foreign Relations	682	321	47
Development & Industry	1085	469	43
Education	1475	781	52
Social Services	2924	1458	50
Health	1532	767	50
Transport and Communications	435	149	34
Debt Services and misc. investment	1194	569	45
Imprests (1)	–	52	–
Sub-Total	10,266	5,047	49
Supplementaries	250(306)	–	–
Misc. financing Transactions	411	132	–
Total Spending	10,917	5,179	47
Financed from:			
Income tax	6200	2245	36
Customs, sales tax, beer duty	1397	714	51
Highways tax	205	100	49
Motor spirits tax	139	70	50
Other taxation	275	105	38
Total taxation	8,216	3,233	39
Interest, profits & misc. receipts	611	273	45
Suspense accounts (2)	–	356	–
Total receipts	8,827	3,862	44
Deficit before borrowing	2,090	1,317	–

(1) monies spent but not yet classified (2) receipts not yet classified and trust account net receipts.

Sharemarket

TNL identity problem:getting accepted in big league

by Klaus Sorensen

TNL Group Ltd has a problem.

It desperately wants to be known as a major tourist and marketing group — but everyone else prefers to think of the company as a Nelson-based trucking firm, or some sort of wildly diversified conglomerate in trucking, mining, horticulture, farming and bus tours.

The company suffers the same problem many other provincially based companies have encountered — a difficulty to convince people they are in fact in the big league.

The company has tried to overcome investor scepticism by producing detailed divisional disclosure, it won the 1981 Society of Accountants annual report award, and is still the only company listed on the stock exchange to produce quarterly profit results.

Its share price has always been rather lacklustre and TNL has regularly been one of the highest yielding (tax-free, too) stocks on the No 1 board.

The lack of interest in the stock has the brokers baffled, never mind the company's executives, and at times it seems that no matter how well the company does, the market won't believe it.

The June 30, 1981 year saw a major profit climb to a net of $5.7 million (including extraordinaries of $1 million), a 41 per cent improvement on the 1980 figure of $4 million.

A fine effort, even if the bulk of the increase was courtesy of the Government's revamped tourist incentive schemes.

That's where the company has let itself down a little in the latest annual report.

Rather than admit that much of the profit improvement was due to a massive tax write-off, right at the start of the annual review, shareholders and analysts have to ferret around till they find the details in the notes on Page 20.

This shows the pre-tax was up, from $3.5 million to $4.8 million — yet the tax provision was actually down, from $748,000 to $516,000.

The reason was an increase, from $671,000 to $2.6 million, in the amount of export performance incentives, and development and tourist promotion incentives, available to be deducted from the pretax profit.

As a result of total deductions rising from $1.6 million in 1980 to $3.6 million, the proportion of profit liable for taxation was down, from $1.8 million to $1.1 million.

There's nothing wrong with this — most of the tourist companies treat the incentives as a normal business contribution — but it seems strange that TNL should downplay the benefits of the schemes at the same time that it is promoting itself as the country's largest private tour operator.

The divisional breakdowns confirm this, with passenger and tourist earnings of $3.2 million in 1981 ($1.9 million in 1980) compared with the freighting and contracting contribution of $1 million.

Minerals contributed $364,000, horticulture lost $233,000, exporting produced a $158,000 profit, while investments contributed $1.5 million.

NBR spoke to TNL associate director Robbie Dyce following the release of the annual report a week ago, and he explained the company's efforts to overhaul its image.

A tough patch two years ago saw the company "stagnate" a little, according to Dyce, and TNL is only just emerging from that flat period.

Profits dipped for a couple of years, the return on shareholders' funds fell from a formerly high 17 per cent, to 9.9 per cent in 1978-79, and as a result the company took a "good hard look at itself, and got out the pruning knife."

Part of the problem was that there were too many divisions and companies not pulling their weight, a number were loss-makers and they dragged down the return on funds.

Now there are fewer losses within the overall trading result, and this is occurring just as the tourism division is beginning to take off, according to Dyce, and the company's freighting division has finally been able to improve its performance.

"The problem with road transport is that it gears itself up for a good period, but then when the demand goes down the capacity remains the same — so if you've got a three-quarter full truck you are giving away 25 per cent of your capacity."

Recently the freighting division's all important tonnes/kilo figures have begun to improve and this should be reflected in the current year's profitability.

But while the difficulties of New Zealand's road freight business might have put some investors off, it seems the company's "scattergun" approach to diversification could also have worked against the company's image.

Dyce admits TNL has suffered for some of its diversifications, but also believes the company has been a little harshly judged on this score.

He cites the 38 per cent interest TNL held in the Nelson company Sealord for a couple of years, as an example.

"We went into Sealord and then came out again and we earned some bad marks for that — but in my view we should have earned some good marks for it, because it's easy to go into an investment but much harder to admit it was inappropriate."

TNL bought into Sealord at a difficult time — the fishing company was experiencing well-publicised management problems and it was relatively cash-hungry.

TNL decided it either wanted to buy out its partners, or get out itself. As it turned out, Carter Holt wanted to stick with its majority investment, so TNL sold out to the forestry group.

Another recent disposal was the Fruitgrowers Chemical Co.

"We bought Lime and Marble — of which Fruitgrowers was an integral part — at a time when diversification was the name of the game." But in restrospect there was little connection between the company and its acquisition — "we were still on wheels and there wasn't a chemist among the 1500 TNL staff, which meant we couldn't really control and manage the company."

Dyce agrees TNL had a "couple of other little flutters" along the way.

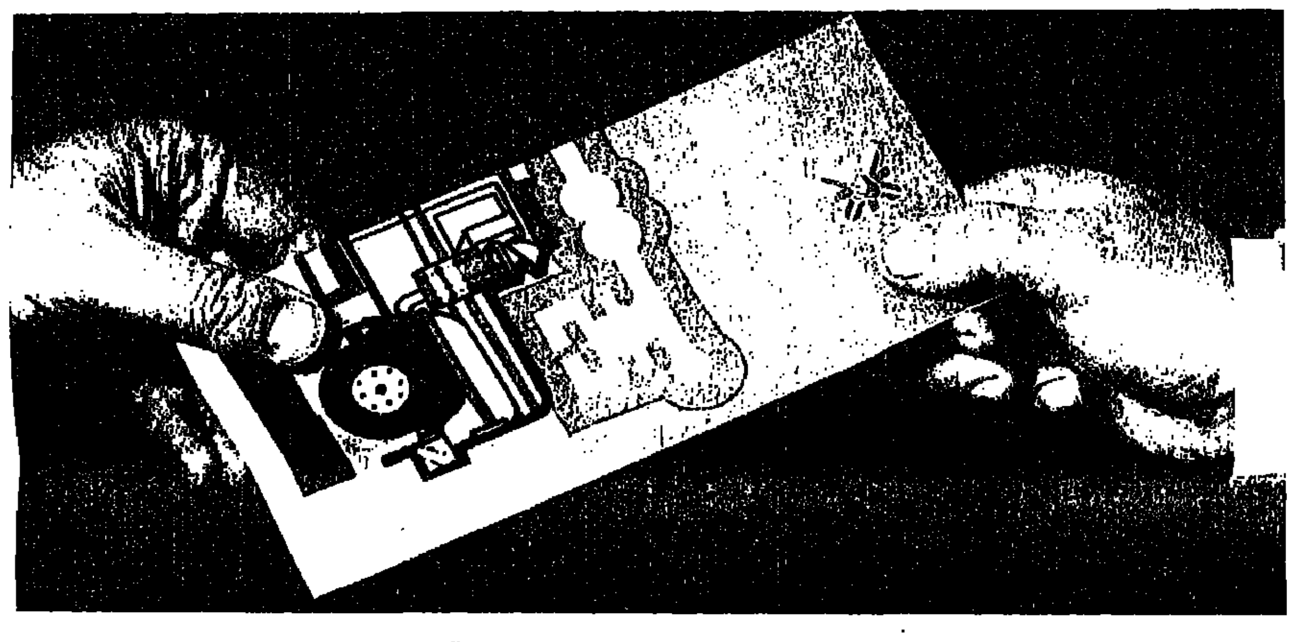
It bought 20 per cent of the Vacation Hotels group and then disposed of it, and also launched a charter yacht venture out of Auckland. "We tried out a charter operation using a couple of H28 keelers, but it didn't work out."

This diversification, while at times difficult to reconcile, wasn't necessarily unrelated.

The Vacation investment was almost a necessity, "with the tourist division we've always said we won't provide the hardware — which is usually asset and capital intensive — unless we have to. But with Vacation we bought in because beds were short in Queenstown and that company held the key."

The shareholding gave Newmans access to Vacation

Continued Page 13



Finance

National Provident staggers under local loan burden

From Page 1

The Government premium issue offers a flat 12 per cent rate, but bonus payments for longer term investment mean it is vastly more attractive than the local authorities top rate of 13.5 per cent for six years.

This yields an effective 13.8 per cent for two years including the 4 per cent bonus payment, and 14.9 per cent for four years with the bonus.

So this issue will not only draw private investors away from the local authorities, but also the institutions which traditionally subscribe for the bulk of the loans.

Finance Minister Rob Muldoon has also made it clear with this latest issue that he does not intend to pay the institutions any more than he has to — and he has underlined this attitude by placing a $250,000 maximum on subscriptions for the premium issue.

But most institutions, such as insurance companies, are likely to find a way around this hitch quite easily — many have half a dozen or so investment schemes, pension funds and other investment vehicles that are able to take up $250,000 of stock each.

In recent months some local body loans have been heavily undersubscribed — some have received subscriptions only from the National Provident — and the question increasingly being asked is how long the National Provident Fund can continue to prop up the market.

According to one fixed-interest adviser, "the local authorities have received virtually nothing in recent months because there is no way the institutions are going to invest in 13.5 per cent stock for six years when they can get much more on the secondary market."

And the likelihood of major interest rate increases next year as the economy is restrained, has strengthened the institutions' desire to stay in short terms and to trade out of lower-yielding stocks. As it is, the institutions can get 18 per cent on commercial mortgages.

This had had a marked effect on the secondary market (equivalent of a second-hand debenture market). "Most institutions have been buying stocks yielding 14 per cent for two and three years in this market which has been particularly active," said the operator.

"The National Provident stands behind the market — it's by far the biggest investor and while it still appears to have sufficient money to support the market, it's a question of how long it's going to last.

"Some of the issues have been getting nothing in them apart from what the National Provident subscribes — so as a result the market is generally pretty sick — but the politics of the situation are pretty strong as it reflects on Muldoon's interest rate policy," the adviser said.

But worst of all is the fact that some authorities are being hit much harder than others.

The authorities take it turn about in coming on to the market — "Any authority can go on the market twice a year and they are given two six-week periods for their issues. They use this programme so the different authorities in a region don't conflict or clash."

This has meant authorities on the market in recent months have been harder hit than those who enjoyed a little more success earlier this year.

And some of them are still sitting on money from a windfall which occurred last year. "They received a bit of a bonus last year when they were paying 14 per cent and the Government stock rate came down. The result was that in the space of six weeks some of them picked up a hell of a lot of money — so some of them are still holding from last year," said the adviser.

"We understand the National Provident has been keeping the Minister of Finance in touch as to the state of the market and it seems they have made it fairly clear they can't prop the market up indefinitely," he said.

The Muldoon premium issues were "just another nail in the coffin — and it's window dressing really with that $250,000 limit — it proves he is determined not to pay the banks and insurance companies more than he has to because they are a captive market."

The institutions affected by statutory stock investment requirements have to put 30 per cent of their funds into the public sector.

The problem is that while the requirements specify 10 per cent of this amount for local authorities it is not a mandatory requirement, and the institutions can invest in Government stock exclusively if they prefer.

Another fixed-interest expert told *NBR* "once again the local authorities are the thick slice of the market and that premium issue will really push it under for the last time. It will be just like the 1979 savings bonds which put a stop to the local bodies borrowing for nearly six months."

The market has become the "whipping boy", according to another.

"The local bodies take $250 million out of the local economy which really isn't much, but the market is grossly over-regulated — more so than anything else. The premium issue has put the skids under the market, its just non-existent at the moment."

From Page 12

[illegible], and by the time Fletcher [illegible], the other major shareholder, began to increase its shareholding "the bed situation had rectified itself and we were able to sell again."

But as a general rule the [illegible] division wants to [illegible] from the purchase of [illegible] assets — other than the [illegible] vehicles. "We don't [illegible] provide [illegible] for the tourist [illegible] [illegible] the planes, and [illegible]."

The company's recent [illegible] of its kiwifruit farm in the Bay of Plenty might also give the impression of a change in investment philosophy, but even Dyce explains that the company simply adapted to changing circumstances.

The Te Puke property was bought for nearly $3 million — even TNL originally wanted to buy a much cheaper property.

The company wanted to buy a kiwifruit property with the prime intention of exporting, but the Te Puke property was only partly developed, so TNL decided to develop the rest of the property while it was exporting the production from the more mature plantings.

The trouble was that the price of kiwifruit land in the area "just kept going up".

At the same time TNL was unable to get its own kiwifruit export licence (there are only nine licences), which took some of the fun out of kiwifruit production. "We exported two crops through the licensed exporters, but you can't do the same hard deal without a licence because you are always beholden to the exporter."

The result was that the company finally received so many offers to buy the property — at considerably more than it had paid — it had little choice to sell the property and capitalise on the rise in land values and on the development expenditure that had been poured into the farm.

But this does not mean TNL is out of kiwifruit. The company is still attempting to get an export licence and also has considerable investments in coolstore facilities, which go hand in hand with marketing and exporting.

"We now see ourselves more as developers and exporters of kiwifruit," said Dyce.

The rise in the market value of the Te Puke property, according to Dyce, meant the company finally had little choice but to take what was [illegible], commercially, an [illegible] [illegible].

[illegible] capital [illegible]

[illegible] companies carry on but shareholders aren't always [illegible]. "We believe there [illegible] [illegible] share price [illegible] and that [illegible] are maintained. It is easy to write down investment, depress the share price and then announce a bonanza capital profit in five years time, but that guy who sold out in the meantime — you've done him in the eye," says Dyce.

The Nelson horticultural interests have also been maintained. Berry production in the area has shown tremendous growth — Dyce says the entire Waimea Plain is virtually covered in berryfruit posts and boysenberry production has gone from between 800 and 1000 tonnes two years ago to around 2500 tonnes this year.

The Nelson coolstore space requirements doubled, and then trebled in just 24 months and apart from the commercial attractions TNL believes it has a responsibility to growers. "They can't let it fall on the ground so the grower has to know the co-op will buy his production and that there is coolstore space available, because it might take six or even eight months to sell," said Dyce.

The company's experience in kiwifruit and berryfruit is a good illustration of its current policy to move more into service and marketing areas.

TNL began its involvement in horticulture as a grower, but is now moving into selling where the capital and plant requirements are low and the entrepreneurial opportunities are much greater.

The same applies to the Newmans division where a new emphasis is being placed on establishing overseas sales and relatively new tourist markets, such as West Germany, are being investigated.

ELECTION WATCH '81

Youth, Beetham's chances, Values, Pages 37-43

Finance

Business week

Alex Harvey Industries Ltd received statutory consent for the purchase of 1,385,450 ordinary shares and 19,400 12 per cent convertible debentures in **Canterbury Timber Products Ltd.** Consideration for the purchase was $6,602,795. With previous transactions, AHI holds 50 per cent of the issued capital of CTP.

A M Bisley and Co Ltd: audited net profit (including export incentives) for the year ended June 30, 1981 was $1,100,542 (last year $1,676,429). A final dividend of 15 per cent will be paid following the AGM on December 11.

A P A Holdings Ltd: consolidated profit after tax and minority interests for the year ended August 31, 1981 was $1,549,000. A final dividend of 6 cents per share will be paid on December 11.

BNZ Finance Ltd: Following its recent cash offer to finance company shareholders the **Bank of New Zealand** has acquired a further 20.75 per cent of the total issued capital of the finance company.

Bunting and Co Ltd: unaudited consolidated group profit for the half-year ended September 30, 1981 (no tax was payable because of tax losses carried forward for the parent company). An interim dividend of 10 per cent (last year 6 per cent) will be paid tax-free on November 26.

Ceramco Ltd gave notice that it has extended its takeover offer for **Midland Coachlines Ltd** to January 4.

Clyde Group Ltd: audited net profit after tax and minority interests for the year ended August 1, 1981 was $119,000 (last year $549,000). A final dividend of 7 cents a share, making a total of 12 cents (same as last year), will be paid on December 14. The AGM will be held on December 12.

Coal and Energy NZ Ltd: underwriting brokers Leuschke Whiteman and Co said the issue of 10 million ordinary shares closed immediately on opening, oversubscribed.

Donaghy's Industries Ltd: unaudited profit after tax for the half-year ended September 30, 1981 was $1,145,687 (last year $875,111). An interim dividend of 9 per cent (last year 7 per cent) will be paid on January 29.

T J Edmonds Ltd directors issued a "don't sell" notice following discussions they believed could affect the company's share value.

Europa Oil NZ Ltd: unaudited consolidated net profit after tax for the half-year ended *June 30, 1981* was $1,500,000 (last year $1,200,000). Directors said the result was still not satisfactory and was influenced by lack of finance capital and deterioration of the New Zealand dollar against the US dollar.

F and P Finance Ltd: unaudited net profit after tax for the half-year ended September 30, 1981 was $511,000 (before writing off an extraordinary item of $25,000).

Fountain Corporation Group: unaudited profit for the half-year ended September 30, 1981 was $4,500,000 (last year $3,700,000). No interim dividend will be paid.

Goodman Group Ltd announced a 1-for-7 cash issue at $1.50 per share with 75 cents payable on application, the remainder by April 16 of next year. Goodman and **Wattie Industries Ltd,** which already hold a 24.9 per cent interest in each other, will increase their cross shareholdings by a further 10 per cent.

Hauraki Enterprises Ltd: unaudited net profit (excluding equity account profits) for the half-year ended September 30, 1981 was $310,893 (last year $273,579). An interim dividend of 4 cents a share (same as last year) will be paid on December 4.

Henry Berry Ltd has acquired the Wellington-based **Professional Uniform Co Ltd.** Henry Berry sees the move as a natural extension of the clothing hire services offered by its new subsidiary **Hylind Holdings Ltd.**

Ivon Watkins-Dow's sale of shares it held in **Canterbury Timber Products** to **Alex Harvey Industries Ltd** received approval from the examiner of commercial practices and the Overseas Investment Commission.

James Hardie Impey Ltd: audited profit after tax for the year ended August 31, 1981 was $1,712,000 (last year $1,366,000). The result includes an extraordinary item of $128,000 stamp duty paid on acquisition of James Hardie Ltd subsidiaries. A final dividend of 11 per cent (same as last year) will be paid on December 16.

New Zealand Steel Ltd: unaudited consolidated profit for the half-year ended September 30, 1981 was $8,529,000 (last year $5,621,000). An interim dividend of 7 cents a share (last year 6 cents) will be paid on December 10 and will be tax-free to shareholders who so elect.

Property Securities Ltd's deputy-chairman and two directors issued a statement concerning "irregularities" in the takeover offer by **City Realties Ltd** also saying the terms of the offer did not comply with **Companies Act** requirements. Propsec asked for withdrawal of the offer. The request was declined. Property Securities commenced action in the High Court. The takeover offer was withdrawn and City Realties gave notice of a new offer. Subsequent to this the court made orders relating to the first offer and to assist in distinguishing it from the second offer.

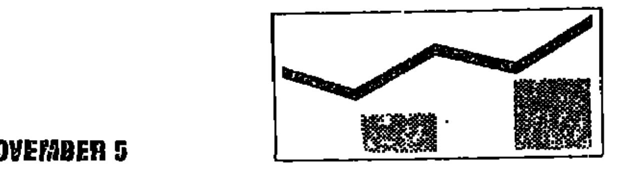
Sanford Ltd: unaudited consolidated group profit for the year ended August 31, 1981 was $1,513,806 (last year $1,369,160). A final dividend of 11 per cent will be paid tax-free. The AGM will be held on December 15.

Southern Cross Hotel (Dunedin) Ltd was removed from the list following the virtual completion of the takeover by **Bunting and Co Ltd.**

Trans-Ashburton Ltd: audited net profit after tax for the year ended June 30, 1981 was $85,500 (last year $1103,059). A final dividend of 8 per cent, making a total of 16 per cent for the year (last year 15 per cent), will be *paid on November 30.*

Wilson and Horton Ltd: unaudited group profit after tax for the half-year ended September 26, 1981 was $2,825,000 (last year $2,072,000). An interim dividend of 10 per cent (last year 8 per cent) will be paid tax-free (subject to necessary authorisations) on December 16.

Stock Exchange weekly review



FOR WEEK FRIDAY OCTOBER 30 TO THURSDAY NOVEMBER 5

	Last sale	Week's high	Week's low	Turnover
Airwork, 50c	70	..	..	0
6% pr	125	...	...	0
Ajax G K N	415	...	...	0
Alcan, 50c	170	170	168	2600
A H I	287	287	278	10200
Alliance, 50c	137	137	135	45600
12% conv pr	130	130	130	3000
Allflex	162	165	157	62900
Allied Farmers	345	350	340	10600
12% conv pr	415	415	385	204300
A M Bisley, 50c	220	225	220	1400
Ampol Pet, 50c	247	...	...	0
A Beaven	133	137	133	11100
11.5% conv pr	125	125	125	3700
16 con pref	125	125	125	200
Andas Group	155	155	155	1300
5-6.5% pr	40	..	..	0
12% conv pr	132	...	...	0
ANZ Banking Group	350	355	335	39300
A Wright	375	---	---	0
'A' 6-7.5% pr	70	..	..	0
'B' 5-6% pr	60	...	...	0
A Barnett	275	275	275	100
A Ellis	50	50	50	1800
Ashby Bergh	400	400	400	1700
A B Cables	335	...	...	0
Atlas, 50c	72	72	70	3400
10% conv pr	70	70	70	3300
Auck Gas	270	270	268	6600
Aurora, 50c	240	240	240	9300
10% conv pr	280	---	---	0
14% conv nts	175	175	175	6300
A C I	270	---	...	0
Autocrat Sanyo	335	335	330	3100
Bailie, 50c	75	75	75	100
Ballins, 50c	118	118	118	30000
11% conv pr	112	112	112	100
Bank NSW	510	510	500	1950
Beach Petr, 50c	445	---	...	0
Bandons,	180	180	173	9200
Bing Harris, 50c	97	97	95	1600
B N Z Finance	406	405	400	1500
Bridgevale Mining	95	95	94	10900
Brierley, 50c	430	430	407	51650
16.75% spec pr	105	...	...	0
Bos, 50c	80	80	75	7500
B H P, 200c	1850	1860	1800	1250
Brother, 50c	100	...	...	0
Bunting, 50c	240	240	220	9900
C P D	295	300	290	19600
10% conv pr	380	...	...	0
C F M	355	365	355	11700
12% conv pr	240	...	...	0
Cant Flour	200	...	...	0
Cant Timber	450	450	450	13150
12% conv deb	450	450	450	15900
Capital Radio, 25c	...	...	...	0
Capital Life, 50c	105	...	...	0
Carbonic Ice	270	...	---	0
Carter Holt	370	370	365	19600
CBA Finance, 50c	305	305	300	4300
CCL	230	235	230	13100
Ceramco	240	243	237	28700
12% conv pr	170	...	---	0
16% red spec pr	400	---	---	0
Chenery	290	290	290	1200
Ch'ch Gas	300	300	300	1300
Ch'ch Press	385	385	380	3700
City Realties, 10c	50	50	50	8100
Clyde Group	105	105	105	400
12% conv pr	120	..	...	0
Collingwood, 50c	55	--	..	0
13% conv pr	50	50	50	200
Col Motor	320	320	320	100
Colyer Watson	105	105	105	600
Comalco, 50c	230	230	230	100
Command	210	210	210	1400
Con Metal, 50c	165	165	165	7300
conv pr	200	200	200	100
Con Minerals, 4c	17	17	16	30800
Cooks Wine	110	115	110	7200
Cory-Wright	180	180	180	2000
12% conv pr	215	---	---	0
16.25% conv pr	200	---	---	0
Crown Consolidated	212	212	208	4400
11% conv pr	210	210	210	500
C S R	773	---	---	0
Cue Energy	16	16	15	22500
Options	7	7	7	30000
Dalgety (NZ)	270	270	260	7500
Dalhoff & King, 50c	58	58	58	4700
Deanes	170	170	170	2700
D I C	200	200	200	5600
12% conv pr	160	---	---	0
Dingwall & Paulger	285	285	285	3400
D McI Wallace, 50c	100	102	100	41100
12% conv nts	75	75	75	200
11% nts '82	100	100	100	1500
Dom Brew, 50c	118	120	113	35500
6% pref	80	--	--	0
11% conv pr	78	78	78	500
Donaghy's	175	175	172	14000
12% conv pr	190	190	187	3400
D R G, 50c	105	---	---	0
Dunlop (NZ)	340	340	340	2100
4.5% pr	55	---	---	0
Ebbett	147	--	--	0
Ebos, 50c	130	130	130	3800
E Lichtenstein, 50c	385	385	385	100
Emperor Mines, 10c	178	---	---	0
Endeavour	170	170	168	7400
E Adams	235	---	---	0
Europa pref nt	92	--	--	0
F T C, 50c	137	137	130	14900
11% conv pr	107	107	106	2200
F Walmak, 50c	85	85	85	100
Feltex, 50c	162	173	160	35100
5% pr	177	---	---	0
16% pr	178	178	178	4100
Firestone NZ	120	128	120	3100
Fisher & Paykel	320	320	316	12300
Fletcher-Challenge	208	208	204	283700
15% conv pr	98	100	98	18400
16% conv pr	355	355	355	1500
Fountain Corp	105	105	100	2200
Foveaux Radio	90	95	90	3000
Freightways, 50c	188	188	188	9400
10% conv pr	145	---	---	0
Gear Meat	62	63	62	5500
11.5% conv pr	65	--	--	0
G Court	185	185	185	300
G J Coles, 50c	400	---	--	0
Golden Bay, 50c	67	67	66	19500
Goodman Group	260	262	230	734800
14% conv pr	220	220	220	2000
Grosvenor Props	100	100	90	2500

	Last sale	Week's high	Week's low	Turnover
Hallenstein	245	245	245	23700
Hauraki Enterprises, 25c	125	125	120	59800
Hawkins, 50c	112	112	112	6100
6.5% pr	28	...	...	0
H B Farmers	245	245	245	600
13% conv pr	175	...	...	0
Hosling	167	167	164	6100
12% conv pr	200	---	---	0
H Pollard	290	290	270	5000
10% conv pr	380	380	380	200
Henry Berry, 50c	200	200	200	10500
Holeproof	215	230	215	800
Hume Industries	188	---	---	0
5-7.5% pt pr	41	..	..	0
I C I (NZ)	185	188	185	188200
Ind Broadcasting	90	..	..	0
Independent News	185	185	183	5300
Ind Chem, 50c	220	---	---	0
I Watkins-Dow, 50c	210	212	210	7100
J Hardy Impey,	242	244	242	6800
James Smith, 50c	90	90	90	1000
14% conv pr	60	60	60	400
12% conv pr	64	..	..	0
J Burns	92	92	92	700
14% conv pr	210	210	210	600
John Edmond	225	230	225	1300
J Webster, 50c	85	..	..	0
12% conv pr	60	..	..	0
J Nathan	145	...	...	0
J Rattray	248	248	248	500
12.5% conv pr	210	210	210	1000
L W Rudkin, 25c	100	100	95	15600
12% conv pr	135	...	...	0
Lanes, 50c	160	160	160	19900
L D Nathan	227	227	220	17200
9.5% conv debs	227	...	...	0
16.5% conv pr,90	190	190	190	1700
Leyland, 50c	100	...	...	0
Lion, 50c	160	165	156	382500
10% conv pr	170	170	167	3500
12% conv pr	135	135	135	1800
L & M Oil, 50c	30	30	30	12200
Lusteroid	230	230	225	5600
Mainzeal Corp, 50c	217	...	...	0
15% conv pr	120	...	...	0
Mair, 50c	295	295	295	1600
11% conv pr	350	...	...	0
Manawatu Knit, 50c	120	120	120	200
Manawatu Radio	110	110	110	800
Manthol	260	...	...	0
Marac	175	175	170	5400
McAlpine, 50c	130	130	130	1200
McKechnie	230		...	0
Midland	220	.	...	0
11% conv pr	200	.	...	0
Min Resources, 20c	65	70	63	21600
M O'Brien, 50c	88	..	--	0
12% conv pr	65	65	65	1000
15 conv pr	58	..	--	0
Montana, 50c	135	140	135	4000
M-P I M	218	...	...	0
Motor Holds, 50c	158	159	145	16300
Motor Trad, 50c	95	..	..	0
5-6% pr	62	..	..	0
11.5% conv pr	62	..	..	0
MSI Corpn, 50c	95	100	92	67100
12% conv pr	90	90	90	800
Mt Cook	195	195	190	6400
conv pr	170	170	170	100
M I M Holds, 50c	776	---	---	0
Nat Insurance, 50c	272	272	260	32700
Naylor	145	---	---	0
5% pr	25	..	..	0
Neil Holdings, 50c	87	88	86	19100
N Z Cement	142	142	142	1100
N Z F C, 50c	115	118	110	19400
11% conv pr	105	105	105	1500
N Z Farm Fert	190	190	185	3000
12% conv pr	180	188	180	200
14% conv pr	160	160	160	700
N Z F P	320	323	313	63700
N Z I G	400	---	---	0
NZI 10% conv pr	225	230	225	4600
N Z Light Leathers	50	50	50	1300
N Z Motor Bodies	80	--	--	0
N Z M C	180	180	170	7900
N Z News	250	250	245	6200
N Z O G	38	39	37	100000
N Z Petrol, 50c	220	220	220	100
N Z Refining	140	142	140	10900
NZSB	81	82	79	636800
N Z Steel	205	205	200	49400
N Z United	570	570	570	2000
Nuhaka	205	205	205	5100
Odlins, 50c	91	91	90	40800
'A' 6% pr	20	..	..	0
12.5% conv pr	65	65	65	500
'B' 13% conv pr	68	68	67	2300
15% con notes	110	110	107	4100
Optical	55	55	50	1900
12% conv pr	50	50	50	400
Otago Press & Prod	180	180	175	1900
Pavroc Holdings	240	---	---	0
P D L Holds, 50c	310	310	310	2600
Perm Invest	95	95	95	400
Printing & Packaging	187	188	187	23600
11.5% conv pr	170	175	170	5900
Progressive	158	160	156	37800
12% conv pr	380	380	380	100
Prop Securities, 50c	230	230	230	1000
Prud Building	158	000	000	0
Quill Humphries, 50c	108	108	108	1100
12% conv pr	110	...	...	0
RadioAvon, 25c	112	112	112	400
Radio Otago	100	...	...	0
Regina	155	155	150	2700
R & W Hellaby	96	97	94	34700
Reid Farmers	300	300	300	3700
Repco (NZ), 50c	75	77	75	4800
Revertex	335	---	---	0
Rex Consol	285	290	285	1900
15% conv pr	150	150	150	1300
Rheem, 50c	150	150	150	1800
Rothmans, 50c	163	163	158	35850
R W Saunders	330	---	---	0
Salmond	230	---	---	0
Sanford	350	350	340	1900
pr	365	---	---	0
12% conv pr	340	---	---	0
12% 'B' conv pr	150	---	---	0
Schofield	210	210	210	3700
Scott, 50c	95	95	95	1600
12.5% conv pr	90	--	--	0
Selby	285	---	...	0
Skellerup, 50c	315	320	315	23400
5-7.5% pr	40	--	--	0

	Last sale	Week's high	Week's low	Turnover
Smith Biolab, 50c	140	140	140	2300
12% conv pr	175	...	...	0
Smiths C M	160	160	160	2200
Sthn Cross Hotel	190	190	190	700
Sthn Cross Mins, 20c	40	40	36	10000
S F M	290	300	290	71800
Spedding, 50c	80	80	80	600
12% conv pr	80	80	80	100
Steel & Tube, 50c	121	121	120	228900
Suckling	105	...	...	0
Taylors	150	150	150	300
12% conv pr	175	175	175	100
Teltherm	155	155	155	8000
12% conv pr	145	...	...	0
T J Edmonds	325	325	270	1000
Tolley	190	190	186	4900
Tourist Corp of Fiji	40	..	..	0
Trans Ashburton, 50c	62	62	62	1000
TNL Group, 50c	117	118	116	58900
10% conv pr	95	95	95	2900
12% conv pr	105	105	105	2800
Trans (Nth Cant)	142	...	..	0
13.5% conv pr	115	...	..	0
15% conv pr	115	...	..	0
U E B, 50c	119	120	116	37100
6.5-7.5% pr	120	...	..	0
12% conv pr	106	108	105	2600
15% conv pr	68	68	65	7000
United Bldg	120	...	...	0
United Publishing, 50c	250	...	...	0
Vacation, 50c	87	87	87	500
12% conv pr	78	78	70	1200
12.5% conv pr	70	70	70	800
Visionhire,	125	125	120	11000
Waitaki-NZR	235	235	220	255200
11.5% conv pr	195	195	190	2600
Walker & Hall	400	...	..	0
Wattie, 50c	240	240	210	5385692
12.5% conv pr	140	140	112	449600
16% conv pr	205	205	185	113400
Welgas	410	410	410	200
Westbridge	195	...	..	0
Wilkins & Davies	320	...	...	0
5.75-7.5% pr	80	..	.	0
W Jeffery	155	155	155	800
12% conv pr	140	...	.	0
Wilson & Horton	390	390	390	1500
Wilson Distillers	155	.	..	0
Wilson Neill	97	97	97	5900
12% conv pr	130	130	130	2200
Winstone, 50c	76	77	75	90900
12% conv pr	55	55	55	19000
W'Wills (NZ)	67			0
Wormald	340		.	0
5-7.5% pr	80			0
W Sutherland	110	...	...	0
Yates Corp	390	390	390	300
12% conv pr	175	...	...	0

Wheels oiled for greater trade with Mexico

by Allan Parker

A FLURRY of diplomatic and trade activity last week heralded a warming-up of New Zealand's relationship with Mexico, if not quite reaching super-hot chilli strength.

News that a full-scale embassy with a resident ambassador will be set up in Mexico City next year was followed by a Mexican trade mission visit during the week.

And during the trade talks it was revealed that New Zealand is now using Mexican technology in its own oil search; technicians from the Mexican Petroleum Institute are helping the state-owned Petrocorp prove the size and capability of the on-shore McKee oil field in Taranaki.

The news rekindled speculation about the prospects of supplying New Zealand with oil from its vast resources.

Similar hopes surfaced last year when Prime Minister Rob Muldoon led a high-powered delegation to Mexico to explore avenues for trade and diplomatic links.

However, at the time Mexico was fully committed with its oil exports. Also, location and technical difficulties extinguished the prospects still further. Mexico's oil resources lie on the Atlantic side of the country and its basic oil product is a mixture of light and heavy crude unsuitable for New Zealand refining.

The Muldoon mission was followed in December by a stop-over visit by Energy Minister Bill Birch.

From those visits a technology agreement emerged and Petrocorp has been using the oil-proving technology for some time now.

There was a general consensus in Wellington trade and political circles last week that the use of the Mexican specialists is allowing New Zealand to keep a foot in the Mexican oil industry.

They discounted prospects of any arrangement to buy Mexican oil in the short term, although the oil industry — run by the state-owned Pemex — has become more fluid in recent months.

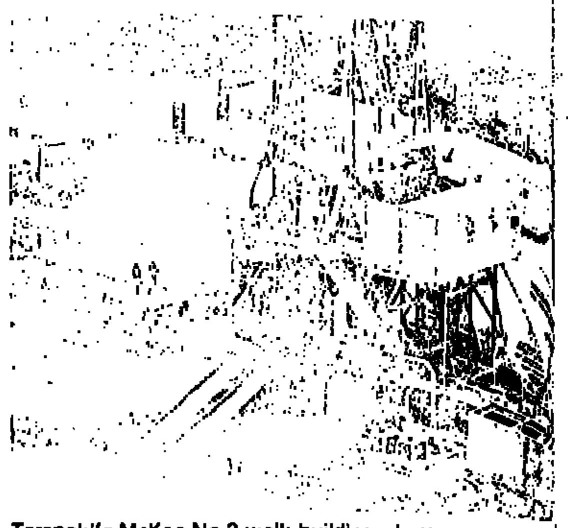
A drop in world oil prices and a glut of supplies on the international market have seriously affected the Mexican economy. In mid-year, Mexico cut its benchmark price for crude by $4 a barrel to $30.60. At the same time, several large customers cut back orders for crude from Mexico, which is the world's fourth largest oil producer, by one third.

Last month, the *Financial Times* reported from London that oil exports were then running at an estimated $14 billion a year, a shortfall of some $4 billion. The effect on the economy has been substantial.

The balance of payments for the year is now expected to register a record deficit of between $10 to 12 billion. Inflation, fueled by high internal consumer demand, remains high (about 27 per cent) and manufactured exports have dropped.

Members of the trade mission here last week told reporters that this setback to the economy has brought about a tightened trade policy, with a renewed emphasis on protection for what one member described as a "highly-protected industry".

However, more recently, demand for Mexican crude has rebounded and contracts in hand have risen from the June low of 1.5 million barrels a day to 1.8 million barrels a day.



Taranaki's McKee No 2 well: building a better manana with a help from our amigos.

If that demand persists or even increases, prospects for New Zealand purchasing will probably remain slim, at least in the short term.

However, the Mexicans have recently discovered new reserves in the Pacific. If these reserves prove viable, New Zealand and Mexico may find mutual advantage in a purchasing arrangement.

To this end, our links with Mexico are considered important as a means of building a relationship. In particular, technololgy transfer in the energy field will assume greater importance; the Mexicans are already interested in our geothermal technology skills and proven expertise in hydro-power development.

In the meantime, the Mexicans have also identified a number of trade possibilities for New Zealand to purchase. They include fertilisers, fine chemicals, canned foodstuffs, ceramics, craftware, coffee, salt, pepper and spices.

New Zealand, too, has its own list of goods it believes the Mexicans will be interested in buying. The list basically centres on agricultural commodities and technology such as meat, wool, seeds, breeding livestock, hides and skins, farm equipment and technology, and dairy products.

Current trade between the two countries runs at 20:1 in New Zealand's favour. Both sides are positive that the potential is high.

A communique issued at the end of last week's Mexico-New Zealand Business Council meeting in Wellington said participants "confirmed their belief that there is much to be gained from direct contact in achieving the expansion of trade opportunities and in realising the economic potential of both countries."

Existing and future contacts like the Mexican technicians in Taranaki and the New Zealand Ambassador in Mexico City will, traders and diplomats were hoping last week, build that better manana.

Rixen dispute: it's all up to the factory-sitters now

by Ann Taylor

THE Rixen dispute has become a war of attrition which seems unlikely to be resolved until the last worker has wearied of the defiant sit-in.

The union involved and the FOL are widely understood to want speedy resolution (somehow) of the dispute — but the 40 women remaining from the original 67 sitters-in in the factory have opted to hold firm.

Union threats to escalate the dispute have not been carried out. And the FOL's announced tactic to impose bans on Rixen Agencies (HB) Ltd's supplies has not been implemented, although the FOL apparently has found out who actually supplies the Napier-based company.

Conciliation talks for the clothing workers award began in Auckland last week. The Canterbury clothing workers have filed a claim for a specific redundancy clause, but the North Island union is claiming only that the "reasonable notification of a redundancy" clause be revised.

The president of the Wellington-based union, Joyce Hawe, said the issue had been left open to discussion because "we want to settle the wages first". The current award expires on December 13, and Hawe said she did not want members to go through the Christmas break without a pay rise.

The worth of specific clauses on redundancy is being widely debated. On the one hand, it can set a minimum which becomes the maximum; on the other, it can bind an employer to an amount he cannot afford.

The number of workers employed to make clothes fell by 3500 in the 1980-81 February year. Workers made redundant reached a wide variety of settlements with their employers.

In June, the general secretary of the Clothing Workers Federation, Frank Thorn, got a call for support from Lee Jeans in England, where 200 workers had been sitting-in since February.

Thorn floated the sit-in idea as "an example New Zealand workers should follow . . . we must do this and we will," he said at the time.

On June 19 Triesta Hats in Christchurch notified its 12 workers that they would be made redundant. Advised of the closure only half an hour after their union delegate had been told, the workers decided to sit in. They remained on the premises for half a day before the owner changed his mind. Six months later the factory is still operating.

Relationships between the Canterbury and North Island unions are generally described as a game of "one-upmanship".

But it was not until the Rixen dispute that the scene for a sit-in was set in the North Island.

Sixty-seven women reacting to a sacking order delivered by a legal representative of their employer won widespread sympathy.

After two weeks of the sit-in and two days after the Springboks left the country, Rixen managing director Ken Dungey asked the police to remove the trespassers.

Demonstrators in the first street march in support of the women sported helmets, following the Springbok tour example, and those in the front row had their arms firmly linked. And when the police were asked to intervene, the country anticipated a riot squad, batons and all, going in to haul the women out.

The police did not go in, but the dispute was set firmly centre stage.

Thorn handed over the handling of the dispute to the FOL just eight days after it had started and the FOL was duty-bound to take over. But FOL president Jim Knox's threats to escalate it have come to nothing.

The union movement has made clear its reluctance to allow the National Party to win public support from an industrial dispute just before an election.

Union organisers told *NBR* that the clothing union had missed the chance to escalate the dispute when Dungey withdrew his offer of $30,000 in redundancy pay. In industrial negotiations offers are usually left on the table and Dungey apparently had assured Labour Minister Jim Bolger that he would not go back on the offer.

But redundancy payments have the status of debts owing to unsecured creditors. Secured creditors would probably have had first claim to that money, anyway.

Despite the dearth of industrial action in support of the Rixen workers, there has been abundant financial backing. The remaining workers are receiving $100 a week and, as *NBR* was told: "They've got nothing to lose."

The women, initially unorganised, have been sitting in now for 12 weeks and apparently have lost none of their determination.

The dispute — which has roused intense local interest in a marginal National seat (744 majority) — has been largely ignored by the Government.

MP Geoff Thompson was instrumental in establishing a woolskin processing plant in the wake of Fibremakers' closure in nearby Shannon. Presumably, he is reluctant to lose the political kudos he gained then by taking the offensive against a group of women.

Dungey has called it the "dispute you're having when you're not having a dispute." But employers' organisations — the Employers and Manufacturers Federations — (Dungey is a member of neither) — dub it "the dispute you didn't need to have".

"His problem wasn't anything that good advice couldn't solve," *NBR* was told.

Hawe has no idea how the dispute might be settled.

"I haven't got the answer. So long as our people are in good heart and prepared to remain, that is the way it's got to be," he said.

Analysing annual accounts: Skellerup Industries

by Klaus Sorensen

LIKE Frank Sinatra, Skellerup Industries Ltd seems intent on doing things "my way".

The Christchurch rubber group has thumbed its nose at accounting and disclosure conventions over the years and has often been criticised for its late preparation of accounts and its conservative dividend policy.

The 1981 annual report suggests the company has not been unaffected by criticism of its reporting peculiarities — and remains unrepentant.

This year the company has an auditor's tag for not separating intercompany sales from its reported turnover figures. It has included an extraordinary profit in the total *net profit* referred to by the directors, has disclosed tax incentives without providing comparable figures, does not disclose operating expenses, and as usual, Skellerup is one of the last companies to report for the March 31, 1981, financial year.

In fact, the annual meeting was due to be held last Friday (after *NBR* went to press) — some seven months after balance date.

But while the Christchurch family firm is reticent about its finances, there are some relatively good pieces of disclosure in the written annual review which will assist shareholders to assess the company's chances in the current year.

The report also makes a disclosure which is probably unequalled by any other listed public company. The directors' report reveals chairman Sir Val Skellerup commands a 50 per cent *premium over the* pay of the other directors!

The boardroom divvy-up of fees and the extra amount paid to the chairman is kept a deep secret by most companies, but the Skellerup directors *apparently* have no such qualms.

The directors' report shows that they are seeking a fees increase from the $15,000 set in 1977 for the seven of them, to $3000 for each director with a $4500 payment for the chairman.

This represents an equivalent pay increase from $15,000 to $22,500, but the Skellerup directors (four of whom have the Skellerup name) are not as badly off as might seem — the notes to the accounts show that while parent company fees have been held for years at $15,000, subsidiary company fees paid to the Skellerup directors went up from $29,000 to $36,000 for the 1981 year.

Perhaps one of the reasons the company has been allowed to get away with some of its tardy reporting by shareholders is its enviable profit record.

The last financial year saw the first profit fall for 10 consecutive years, and even then earnings per share were a healthy 63 cents a share (the directors' figure including extraordinary items) which covered the dividend nearly five times.

The directors' report the profit fell from $5.6 million (excluding associates' contributions) to $4.9 million — a 13.9 per cent drop — on a 12 per cent sales rise.

But normal practice requires the deduction of extraordinary items from trading earnings, and using this method the Skellerup profit fall is nearly 22 per cent — *from* $5.6 *million* to $4.4 million.

The profit and loss account shows sales increased 12 per cent, from $99 million to $112 million, but there is no explanation of the rise in the operating expenses which caused the gross trading profit to fall 13.2 per cent from $11.2 million to $9.7 million.

Other income, such as dividends and interest received, fell from $856,000 to $760,000, leaving total gross profit at $10.5 million, down from $12.1 million in 1980.

The only expenses detailed those such as directors' and audit fees, leasing costs and interest costs.

But these in themselves are interesting. Of the $1 million increase in total "other expenses", from $2.8 million to $3.8 million, the bulk was higher interest costs.

Total interest costs increased by just over 100 per cent from $633,000 to $1.3 million, including interest on fixed-term liabilities, up from $356,000 to $705,000 and interest on bank overdrafts, up from $264,000 to $526,000.

This left the pre-tax profit down 27.8 per cent from $9.3 million to $6.7 million and the tax provision was down even more, 38 per cent, from $3.7 million to $2.3 million.

The resulting net profit of $4.4 million was enhanced by a

Sir Val Skellerup . . . premium

$489,000 extraordinary item (nil in 1980) leaving a net of $4.9 million after minority interests — compared with $5.6 million in 1980.

In addition, retained profits of associates (down from $535,000 to $416,000) left a total net profit of $5.3 million, down from $6.2 million in 1980.

The notes to the accounts throw light on the fall in the tax provision and on the source of the large extraordinary item.

The taxation calculation shows that the standard 45 cent tax rate on the $4.4 million pre-tax profit yields a provision of $3 million.

From this was deducted the taxation effect of export development and performance incentives of $438,000, investment allowances of $144,000, non-assessable income of $167,000 and "other" of $6888.

But there are no comparable figures for last year — this is the first year they have been published — which makes it difficult for shareholders to assess the relative impact of export tax benefits on the latest results.

However, shareholders can estimate the standard 45 cent tax rate on the 1980 pre-tax of $9.3 million, which gives a theoretical tax provision of $4.2 million — compared with an actual provision of $3.6 million.

From this way they can conclude that tax deductions for 1980 were around $528,000 — lower than this year's total deductions of $757,000.

The note on extraordinary items shows insurance recoveries following the Batavian Rubber fire at Featherston in 1980 were $172,000, capital profits from the disposal of fixed assets were $235,000 and the depreciation recovered on disposal of fixed assets was $80,000.

The balance sheet solves the riddle of why interest costs went up, with fixed term liabilities up from $2.3 million to $6.1 million.

Current liabilities rose from $15.5 million to $17.7 million, and these increases went to finance an increase in fixed assets, from $15.1 million to $17.2 million, and current assets, up from $39.8 million to $46.9 million.

Included in the current assets rise was a climb in stocks from $29.9 million to $34.8 million, which comprised mainly finished goods (up from $20 million to $25 million).

Sir Val Skellerup notes that the March 31, 1981 was a "most difficult trading period" and "it became evident halfway through the year that even as sales were being maintained, profitability was more difficult to achieve than it had been for many years."

Export sales were up from $3.4 million to $3.9 million, but the company had a hard time here, too.

The Batavian fire meant that company had difficulty maintaining its export impetus and Skellerup's plans for exporting waterproof clothing to Australia were hampered by that country's quota system.

Skellerup says exports remained static and the dollar growth was achieved through the incorporation of the export sales of a newly purchased subsidiary — a disclosure not every company would make.

But things are looking up despite the uncertainty posed by the election and possible "interference from the Industries Development Committee" (it is, in fact, a commission).

Skellerup says that since the start of the new year "there has been evidence to suggest that we are regaining some of the lost ground as local and export sales are higher . . . and profitability in most areas has been improved."

Retail trading is very buoyant, he says.

But Skellerup's review also contains a veiled hint of a cash issue; "inflation continues to be our greatest bugbear and the inflating value of our stocks and raw materials and finished goods has in this year exhausted our tax-paid profit and therefore strained our financial resources".

Skellerup says the company's financial structure has always been of a conservative nature and the company has relied on retained profits for "maintaining our growth."

Shareholders can interpret that how they like, obviously, but Skellerup adds "I do not at this time envisage a change in policy in this area but we are carrying out a review of past and present policy and presenting a new series of plans for the future so that we can determine our financial requirements for some time.

"I am of the opinion we must not sacrifice liquidity in order to seek any extraordinary growth in profitability."

Transport

Truckers need to get their lobbying act together

by Bob Stott

THE Road Transport Association, representing 4300 carrying firms varying in size, role and character, may be in danger of coming apart at the seams. At least that's the impression left in the wake of the postponement of the Transport Amendment Bill, which would have made life easier for many carriers, and more difficult for a few.

The bill's attempts to stamp out warehousing as a means of circumventing the 150km distance limit on road hauliers competing with rail, its provisions for the secret marking of goods in transit and the steep increase in the maximum fine for breaches of the rules (up from \$2000 to \$10,000) attracted all the publicity when the bill was plodding fruitlessly through the parliamentary system.

Those aspects which gave carriers more freedom to compete with rail were largely overlooked.

The bill recognised the anomaly that a carrier could cart from only some parts of Auckland to Hamilton, only some parts of Wellington to Palmerston North, only some parts of Christchurch to Timaru and so on.

(The arbitrary 150km distance limit stopped cartage from, say, central or western Auckland to Hamilton; only the sourthern suburbs fell inside the distance limit.)

Creation of urban zones around Auckland, Wellington, Christchruch and Dunedin should be of considerable benefit to carriers running line-haul services in those areas . . . or at least allow them to carry on as at present, but without the fear of prosecution.

The bill proposed the exemption of another 16 commodities from the distance limit, a worthwhile increase on the present list of 21. The new exemptions were to be mostly fragile and perishable items, plus some that were unsuitable for combined road-rail journeys for other reasons (such as security).

Most carriers recognised the urban zone scheme and the additional commodity exemptions as fair exchange, not for a tighter distance limit, but simply for an enforcement of the existing distance limit.

They knew they could get some of the newly exempt goods, either because they could expand line haul services to and from main centres or because stricter enforcement of the distance limit would protect them as much as it protected the railways.

Small carriers . . . penalised by others' lobbying

In this latter category, the town carrier, carting to and from rail (and usually a small, perhaps one-man operation), is the obvious example. And those in this line of business have been hit hard by illegal cartage.

But a small (and vocal) group of carriers centred on the Waikato appear to have been largely responsible for stopping Christchurch carriers, for example, from carting legally from central Christchurch to Timaru, or stopping a Southland carrier from carting unglazed field tiles (one of the new exemptions) beyond the 150km limit.

Without the semblance of unity, the Road Transport Association's credibility is hardly enhanced when it tries to negotiate with the Government on an issue where all carriers are in accord — such as pre-payment of road user charges.

There are other examples of divergent opinions. Some long distance carriers would rather see road user charges replaced with a fuel-related tax — for them, the distance fee is an important item of expenditure.

But a town carrier, spending much of his time in clogged city streets, regards fuel price as more important than distance run and would prefer the *status quo* (while agreeing that pre-payment of user charges is no fun).

Carriers engaged in logging, town cartage, line haul or rural work obviously consider themselves to have peculiar problems, as, of course, they do. They therefore tend to group together within the overall association to push their particular viewpoints.

At the same time, all licensed carriers share common problems, such as price and availability of fuel, vehicles, tyres and spares; taxation ranging from sales tax and duty on new trucks to the road user charges; industrial problems; a licensing system which governs competition not only between road and rail but also between carriers themselves; and the provision of roads and bridges stout enough to stand up to the weight of modern trucks.

Furthermore, as transport operators, road carriers share problems with all other forms of transport. Successive governments have fiddled with transport for decades, and that fiddling has affected all modes.

For example, the level of rail freight rates governs to a very large extent the prices that carriers (and indeed coastal shipping operators) can get away with. Usually a rail rate freeze is seen as hurting rail's finances but it has the same effect on rail's competitors who can hardly survive unscathed if competing rail rates are rock-bottom.

Some carriers do take a broad approach to transport. They are mainly the bigger firms, able to hire experienced and well-educated managers.

But many firms have grown from one-owner-driver outfits into firms running perhaps a dozen trucks or more. Sometimes they seem unable to see a broad perspective.

Others will cart illegally against fellow road carriers as cheerfully as they'll do the rail out of a job.

The user groups seem much more unified than the truckies. Federated Farmers, a major user group, certainly presents a united front, and manufacturers have more or less got their act together.

Other transport modes (like the Railways) are unified by their very nature.

Road Transport Association executives certainly would disagree that their association is becoming unglued. And no doubt it is not. But the industry often seems to work hard at presenting an appearance of disunity, in spite of the best efforts of its association to give a contrary impression.

Individual carriers would do well to take a hard look at the real problems facing their industry and to stop squabbling. If they cannot present a united front to Government and to powerful groups such as the farmers' lobby, they will suffer — and have only themselves to blame.

Marketing

Marketers face the challenge of change

The national convention of Sales and Marketing Executives International was held in Wellington recently and was organised by the local SMEI. It was attended by about 150 people from all parts of New Zealand. The speaking panel included not only leading local experts on marketing and allied subjects but speakers from Australia and America. In this and following issues Grev Wiggs reports on highlights from papers delivered at the convention.

HOW well we survive through the eighties will depend on the response we make to the challenges imposed by change.

This was the theme of the keynote address delivered by Dr Jack Dauner, professor of marketing and management at Fayetteville University, North Carolina, to the annual SMEI convention.

The changes are taking place not only in products and services but in viewpoints and values.

One example lies in the changing demographics throughout all segments of the world. Our population is showing definite signs of aging.

This has a marked effect on those familiar marketing questions," said Dauner, "Who buys? Why do they buy? When? Where? And, how do they buy?"

The cause of change is often located with non-controllable external forces.

Economic forces relate to the status of the economy and to the buyers' ability and willingness to buy influenced by inflation, stagflation, recession or other factors.

Political, legal and regulatory forces have become increasingly oppressive and put a straitjacket on business.

Technological forces result in new products and services which affect our lives, lifestyles and standards of living.

Social, cultural and environmental forces present a challenge in such areas as meeting ethnic demands.

Dauner stressed the importance of forward thinking in this kind of situation. "What products or services will your company be offering five years from now?" he asked.

"Producing a product which you merely think the market needs is a lot more hazardous than understanding the needs of the buyer and then delivering the product or service that meets those needs."

He instanced the American automobile industry which has had a production-oriented mentality. The industry executives determined what they felt the customer should have and delivered that product. They did not care what the customer wanted nor listen to the cries for cars giving better gas mileage.

"The result — Chrysler is hanging on by its fingernails after being subsidised by the United States Government. Ford and General Motors are both experiencing serious problems because of their slow response to customer wants and needs. Isn't it time these giants of industry became more marketing-oriented?"

Dauner underlined the importance of determining the market you are trying to reach, developing an understanding of the needs of the customers in that market, selecting the institutions which will be responsible for distribution, implementing a promotion strategy which stimulates demand from the target market and, finally, delivering a product the value of which is equal to or above the price which it carries.

By following principles of marketing, small and medium-sized companies can survive against the conglomerates and giants of industry.

For the smaller company the answer is not trying to compete on a head-to-head basis in a mass market with mass merchandisers but to find a niche in the market where customers will pay the price to fulfil a need they have for a specific product or service.

Dauner instanced the case of the American Carpet Company, an Auckland-based company which controls Sallee Carpet Looms with plants in Santa Monica and Detroit. Sallee earned more than \$2 million last year from selling custom made, 100 per cent pure wool carpets.

Two of its most notable customers are President Ronald Reagan who is using the carpet for parts of the White House and the President of Mexico whose palace will be recarpeted throughout with the Sallee product.

Acknowledging there was no one formula which would conveniently solve every problem, Dauner gave these six "survival tips" to his audience.

- Be alert to demographic changes. Monitor age shifts and the impact of moving from a youth orientation to a more mature society. Likewise pay particular attention to any changes in the trends of households, income, birth rates and educational patterns.
- Be prepared for the electronic revolution. The pocket calculator was only a small start. Now we're looking forward to extensive video/electronics, home computers and other electronic gadgetry that will not only have a tremendous impact on our personal lives but on the pricing, distribution and promotion of the products and services we purchase.
- Think selectively. Most small companies cannot possibly compete against a multi-billion corporation on a head-to-head basis. Constantly be aware of segments of the market which need what you have and then position your product or service accordingly.
- Consider using catalogue selling or other types of direct marketing. Through the use of modern graphics and superbly written copy, consumers will quickly adapt to the conveniences of purchasing by mail, video-electronic devices and the telephone if your company is recognised for its honesty and integrity.
- Determine what image you and your business should create. After establishing these objectives continue to monitor your progress against your competitors and how you and your company are being perceived by your various publics.
- Practise the marketing concept. Understand and know the wants, hopes and needs of your customers. Then meet those needs with products or services that are value-oriented in the eyes of the purchaser.

'Anti-orgasmic' sales expert all for 'body language'

by Stephen Bell

NEW Zealand business people and the changing commercial ventures of Communist China are among the latest recipients of the sales training and "personal development" products of Australian Dr Joe Braysich.

Keys to Dynamic Marketing sounds like the title of a thousand other courses, usually stemming from the United States, and designed to instil a "rah rah" artificial "motivation", which lasts for a few months or until punctured by the first big disappointment.

So what's different about Braysich? He claims to eschew deliberately this "orgasmic" style of presentation; to concentrate on giving his students practical techniques to back up the motivational "get out and try harder" talk.

This certainly seems to be borne out by the style of the man himself, whether in the flesh, or presented on the video tapes he habitually uses as a training tool.

Although he admits that sometimes "I get to the stage of being professionally arrogant, *to embarrass you with the truth*," the techniques are put over in a surprisingly mild-mannered, logical way.

Doubtless this is in part a reflection of Braysich's unusual background. He doesn't come from the "sharp end" of selling; he's an academic, who began his career as a schoolteacher. "I made the usual progress up to principal", then decided on a change, and embarked on a course of part-time study. He ended up with a doctorate of psychology and seemed destined for academic life.

But his interest in one particular aspect of psychology — the 'language' of gesture and body movement and positioning — resulted in his writing a book, which became a best-seller. He resigned his professorial job and began to research some of the material around on training sales and marketing staff.

He was disappointed to find a good deal of material of the emotional *American type*. What people need in place of this, he claims, is a simple treatment of "a dozen topics" crucial to personal development and marketing.

Braysich's resulting course, founded on eight hours of videotape material, has already attracted attention here from major companies such as Ford. Local agent Business Video (New Zealand), a six-month-old company, had planned other involvements but its time is now almost totally taken up with Braysich.

A Hong Kong company, Robert Schua Productions, in co-operation with the *South China Morning Post*, is promoting Braysich courses to China. Chinese business people sense that they need to "upgrade their marketing skills", in the wake of closer commercial contact with the West, says Braysich.

"Body language" is naturally a vital part of his technique — how to read the subconscious reaction of the person you are addressing, and how to transmit your own favourable signs through body posture.

Other elements include goal-setting, the necessary first step of almost any activity, yet a step which most people still ignore. It is difficult to achieve a goal, he points out, if you don't have a clear idea of what you're trying to achieve.

Some of it is simple technique, teachable in as short a time as it takes to say it: dress presentably; don't turn up out of the blue without first having made an appointment; don't try to sell over the telephone. Obvious, but it's surprising how many salespeople still don't practise it.

Learn the difference, he says, between an objection and a condition; between a flat "no" and a disguised "yes, if . . ." Learn to accept "no" and carry on with the persuasion. "The average prospect says no three times before they say yes."

Some of his instructions are, quite frankly, tricks, he admits; such as reacting to those conditions. "If the customer says 'do you have it in green?', the usual response is 'sir, we've got any colour you want, green, red, gold . . .' and you run through your whole colour range and bore him stiff. What you *should* do is bounce the question back at him: 'Do you want it in green?' Then you have him hooked into admitting he wants one."

But a basic element, and the most difficult thing to teach, he admits, is positive thinking; going in with the idea that you are going to achieve the goal, and not with a pre-conceived idea of failure.

Here, Braysich agreed, you could be battling with 30 or 40 years of conditioning in a negative way of thinking. "But there are techniques. Examine the way successful people behave; I can give you questions to ask yourself, to help self-development and self-awareness. The answers are different for everyone. There are no real answers."

One of his more practical techniques is to get trainees to walk an 18-inch wide plank, laid on the ground. "It's easy, right? If that was up in the air, you'd be scared to do it. But it's the same plank; it's still 18 inches wide." The answer is "carry on walking, don't look back, don't look down", he says; and it's the same advice to negative thinkers. "Don't look back at previous failures."

The most important requirement to learn successfully is to have an open mind. "Conditioning is the greatest factor which inhibits learning.

"Some people learn because of me, some people learn in spite of me, but some people," he admits, "just won't be told."

He decries the charismatic mode of presentation, but how important is his own personality in putting over the material?

Many clients obviously feel it is significant, he told *NBR*, to judge from the repeated requests he gets for personal appearances. But these come expensive at $1500 a day, and most decide to opt for his presence on video tape.

Provided the trainer for the course is adequately trained — and there is ample course material directed to this end — it should be just as successful as a personal appearance, he claims.

The videotape presentation, in fact, has positive advantages, Braysich claims. "People get bored with seeing an instructor against a static background," The tapes switch, some might think too often, between scenes of Braysich addressing audiences of different sizes in different rooms.

Although video tape is the core of the training package, it is supplemented by more readily run audio tapes, printed summaries and work-books. "Sight and sound," says Braysich, "has been proved to be 83 per cent more effective than sight or sound alone."

Although used chiefly now to train sales and marketing people, the course can be used outside of this framework to develop persuasiveness and assertiveness in other areas of life. Braysich describes it as "a personal development tool with a marketing orientation."

Does he have any *fear* that his techniques might be used for unscrupulous purposes? "It could be taken advantage of in this way," he admits, "but it's like a drug; it can be used for good or evil."

SMEI annual award

THE winner of the SMEI Marketing Award of the Year 1981 was announced at the SMEI dinner which climaxed the recent annual convention.

The award went to the Pork Marketing Board for its Trim Pork marketing campaign (*NBR* June 2, 1980).

"This marketing success came about from a complete change in attitudes and a thorough reorganisation of the whole industry. It was a truly outstanding effort," said chairman of the SMEI Associations, Jim Francis, in making the presentation.

Highly commended were Spencer L Ayrey Ltd for hair care products under the name of "Prescription" and Industrial Chemicals (NZ) Ltd who took on the giants of the soap industry successfully with the product "Cascade Flowing Soap".

— **Grev Wigg**

French vintage 1981: a good but not great year

The remarkably changeable weather during the northern summer has increased the difficulty of predicting the quality of this year's vintage in France. Financial Times wine writer Edmund Penning-Rowsell *forecasts good, but not great Bordeaux production and* rising champagne prices.

THE perils of forecasting the quality of the Bordeaux vintage were never clearer than for the 1981 crop.

In July last year, in the middle of that miserable summer, an American journalist forecast that the 1980 vintage would be catastrophic. It certainly did not turn out very well three months later, but very recently I tasted some obviously palatable wines.

Yet, according to more than one Bordeaux merchant, this premature prediction has severely influenced the American market. Fortunately, perhaps, British writers on wine carry less authority.

This year the soothsayers on Britain's side of the Atlantic went the other way, and voices were heard in August to predict that 1981 would be "another 1961", while a distinguished cellermaster not a thousand kilometres from the Medoc was seen on TV to predict a very great vintage. Alas, it seems unlikely.

The cause of this optimism was the remarkable change in the weather from the end of July onwards. After a pretty dismal start but with the significant flowering of the vine developing appropriately in mid-June, the later summer arrived in time to alter the poor perspective.

It was so hot in August and the first half of September, and there was no little rain, that the grapes were lacking in juice and the skins were thick and tough.

This meant a small, but possibly very good vintage, officially predicted by the French Ministry of Agriculture on September 1 as 3.9 million hectolitres (hl), compared with 3.65 million hl in 1980 and 6.2 million hl in the record year of 1979; but, owing to the very small white Bordeaux crop, gathered earlier than the red, the Bordeaux trade organisation has brought down the total crop forecast to 3.7 million hl.

Indeed, there are fears of a shortage of dry white Bordeaux at a time when world demand for white wines is booming. The quality is reported good, especially for Sauternes.

The red wine vintage began generally in good, sunny, weather conditions, on Monday September 28, but on the October 1 wet weather set in and steady, sometimes heavy, rain set in until mid-day on October 3. Those who had engaged their pickers to work over the ensuing fine weekend benefited, but others had to wait until the following Monday.

The weather improved thereafter, but the rain had in some cases reduced the alcoholic strength, already not high, particularly in the Medoc where the Cabernet-Sauvignon is paramount.

The deficiency can be made up by the permitted addition of sugar to the fermenting vats, but the end-result is not quite the same, and although it rained again at the end of the week, those delaying picking in the hope of more maturity, and higher strength took an extra risk — including Lafite, which only started gathering its grapes on October 5.

But the anti-rot spraying undertaken in the past few years by most of the larger estates has been most successful, and the grape loads that I saw coming in from many estates were surprisingly healthy-looking and sweet-tasting.

The prospects for the 1981 claret vintage are, therefore, good but not great; and the gap between the big estates and the less prosperous petits-chateaux may be greater than in a year without weather difficulties at the harvest time.

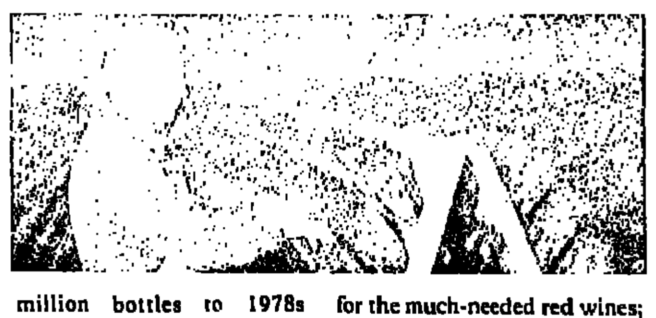
It is to be hoped that there will be careful selection of the vats, and that not too much 1980 is poured into the 1981, which will certainly turn out the better year. Bordeaux did not want a big vintage, but rather, a moderate-sized one of such quality that it sold itself and revived the morale of a somewhat depressed trade.

What is as certain as can be forecast now is that the prices of the 1981 vintage will be markedly higher than for the 1980s; which is reasonable enough, because they have stayed the same for three years, with at least 30 per cent inflation in this period. Current talk is of a rise of 25 per cent.

Claret drinkers here who have not bought their 1978s would be well advised to do so now, for on the Bordeaux market the popular growths are double their opening prices, and the 1979s are a good 20 per cent higher.

Bordeaux has not been alone in having a disappointing vintage, and Champagne has suffered worst of all. Early frosts had ruled out a big crop, but until the eve of the picking there had been hopes of 140 million bottles (compared with 110 million last year and 220 million in 1979, and a predicted sales total this year of 150 to 160 million bottles).

In fact the total looks like 90 million to 100 million bottles, and with none of the surplus still Coteaux Champenois that eventually added about 50 million bottles to 1978s miserable 78 million.



The reduction in the fixed price of top quality grapes from FFr$5.20 a kilo to $4.45 is not much help, as last year's figure included a $2.20 bonus on account of the small crop; and this year it is only 65 cents on a smaller one still. So champagne prices must rise again, and the smaller firms will be particularly hit.

There is not much better news from Burgundy, where the crop is small, particularly for the much-needed red wines; and the quality is distinctly variable. The white wines are said to be better.

Beaujolais, after several large, even excessive, vintages, has had a smaller one this year: a good average quality, but certainly markedly dearer, not least for the Beaujolais Nouveau that will be with us in less than a month's time.

The Rhone, too, has suffered a reduction in output after at least two prolific years and the Loire crop, picked later than further south, is small and probably variable in quality, though that is less of a problem in a region where the wines are mostly for early drinking.

It is in the districts whose produce calls for time to develop and mature that wines of good strength, body, fruitiness and some preserving tannin are needed.

To end on a more cheerful note, Alsace alone appears to have had a good average crop of generally sound quality. Sheltered by the Vosges, they evidently missed the bad weather that has afflicted the rest of the wine-growing France.

Alsace, too, has a reputation for moderating its price increases, so in the coming year its wines generally under-rated here, may prove increasingly attractive purchases.

Profile

Geoff Datson: civil servant impelled to promote fresh ideas and to foster "made in NZ"

by Ann Taylor

NEGOTIATING with big business for the second smelter and discussing district plans for craft industries . . . it's all in the day's work for Geoff Datson, who will retire soon as deputy secretary of the Department of Trade and Industry.

The personable Datson is well known to the country's business community as an important cog in the bureaucratic machinery.

Bureaucrat, maybe. But while co-ordinating change at the direction of various governments, he likes to think he has not only kept abreast of the country's developing industries, but that he has been an innovator — floating new ideas and seeing many of them brought to reality.

As a public servant he has not been an "instrument of change", but has identified "what is happening and tried to remove the blockages".

When he ends his 40-year departmental career in February, he plans to write a "how to" book on the intricacies of Government and its regulations.

And he has the broad ideas for establishing a business consultancy. He fancies his role then as an economic marriage broker, tying venture capital, from here or overseas, with developing industries — "doing the same thing in a different milieu".

The son of a Wanganui Church of England vicar, Datson's education "was such that to go into manufacturing or trade was out of the question. Medicine was expensive, the *Army didn't have any appeal*, and my nose just pointed towards law."

In 1942, he walked into the Public Trust Office "bright-eyed and bushy tailed", aged 16.

"Most of the guys had gone to the war".

Under the guidance of Dr John Robson later Secretary of Justice, Datson put his head down. Robson put him forward when Walter Nash was looking for a research officer. And at 21 he found himself researching, studying for an LLB, and "working 14 to 16 hours a day".

Nash ("a benevolent Christian who loved doing state house applications") took the young Datson to the United Nations Conference on Trade and Development in Havana, Cuba — the first of its kind to try to restore order in a post-war world.

Nash was "highly concerned with developing countries and problems of race", but New Zealand found itself fighting for import licensing at a conference whose object was to free trade and ensure that developing countries had enough production for their evolving industries.

Free-trade provisions, obligations to maintain employment and restrictive trade practices on multi-nationals were incorporated in the resultant economic charter. But the American Senate vetoed all but the provisions trade. The residue of the commercial provisions retained became Gatt (the general agreement on tariffs and trade).

The public limelight first fell on Datson on his return from Havana when he drafted a speech for Nash spelling out the responsibilities of the developed countries in redistributing wealth to the developing ones.

"Who is this *Mr Datson* who is redistributing New Zealand's wealth?" came the cry.

Those ideas, 40 years later have attained widespread respectability now that they are being espoused by statesmen of the stature of Willy Brandt. They remain one of Datson's concerns.

When Nash went out of office in 1949, Datson decided "to get into serious departmental work". He joined Industry and Commerce (as it was known then) in 1950 and has been there ever since.

His job on joining was to justify what New Zealand was doing in relation to Gatt — he had a minor coup in being the only desk officer with some responsibility *for having* drafted Gatt.

"As long as we had balance of payments difficulties we could have 'quantitative restrictions', which quite incidentally protected our industries," he explains.

He joined the overseas trade division, where he set about promulgating the Industry and Commerce line that manufacturing was viable in this country.

At that time, "there was little confidence that we could do anything more than farming and fighting . . . including rugby.

"The department's thinking was then regarded as not entirely acceptable to current economics . . . We had to convince people that any form of manufacturing was acceptable."

"We had always had industries of one kind or another associated with farming and local activities. But in the 1930s the beginnings were made in a new series of consumer industries designed to replace imports; often overseas enterprises established operations here to secure and maintain a share of a market which was being more and more reserved for local production in the face of import licensing."

The war and increased import licensing worked to force locals especially to start meeting specialty consumer needs.

The national cost of setting up those industries was not a major consideration, says Datson, who disputes current criticism that their establishment was a mistake.

Wages and the deterioration in our terms of trade have been the prime causes of our problems comparatively recently, he argues. And "if we hadn't started them then, we wouldn't have the infrastructure — transport, handling and servicing, management — legal and accounting — that we need."

But in the late *1950s*, "it became apparent that we were importing kit sets, putting them together in screwdriver industries and not making substantial savings in overseas exchange."

Furthermore, those industries were based on the domestic consumer market and could not expand faster than population or national growth.

For these reasons, a policy of "development in depth" — its most noted advocate was economist Bill Sutch — began to emerge.

The idea was that we should make more of the components here, develop the machines to make them, and look at the basic raw materials we could make them from.

Datson told the Institute of Engineers in August that "it would be simplistic to refer to the first tier of industrialisation as the consumer industries and the second tier being 'development and depth'. That is roughly how it happened."

Datson says of Sutch: "I learned a lot from him. His critical approach to matters, his almost deliberate tendency to step outside the normal circles and look at it from the outside. Bill had a lot of influence on people now prominent in the department.

"We became more conscious of our own resources like electricity, iron sands and forestry. And as we got more skills in making components, we got more confidence in making our own machinery for farms and so on."

Datson identifies a third stage in our manufacturing development, evident over the past decade when servicing industries began to develop.

"That's when I began to see the worth of small-scale high value industries. And it seemed to me they were not the kinds *of industry that needed high* protection. They are mainly based on brains and skills, and since we've got those we have our own comparative advantage."

Geoff Datson . . . his forte is floating ideas.

Datson recognises that now we must become internationally competitive — "A fourth stage, if you like, but it's the only one with room for development."

But if, for example, the market is saturated for electronics and exports are difficulty, "then we should diversify."

"There is ample scope for expansion, specially if we can increase infrastructural support and make finance less difficult for developing industries and provide the right skills when the industries need them.

Datson says that we have the skills and the entrepreneurs, but "for some reason many over-reach themselves and are prevented from taking the next step. More co-ordination is needed to identify their next *feasible steps.*

"After all the theorising, it is time to get down to specific products," he says, advocating a programme per product or a science plan.

Government orders are an integral part of any development along these lines, he says.

A major frustration has been the long time it takes to get a new idea across.

"You can't be impatient. You've got to keep on and on and on. You've got to begin by talking . . . and try not to present it in too alarmist a way."

Datson has always been a keen supporter of regional development and does not see that precluded by the large energy-based developments.

"Social and economic objectives will coincide with renewed emphasis on resource development," he maintains.

From the small research unit that in 1949 did "anything to do with regional development, general economic policy, *foreign exchange transactions* and dealt with the 'big hit' industries," Datson has circumnavigated all divisions in the department while he rose to become Assistant-Secretary, Industrial Development.

In 1961, as trade commissioner in London, he represented the country at Gatt talks on trade restrictions, particularly for our agricultural products.

Even then, the British were worried about the amount of international butter on their market and Datson participated in setting up the quota system.

He was in London only a year before going to Paris to keep this country informed on EEC developments.

He travelled regularly to Geneva, for Gatt negotiations where he represented our interests against world tariffs being imposed on our developing industrial products.

Back home in 1964 he was on *special duties "with one eye on* industrial development" and he participated in the early talks on free trade with Australia that led to Nafta.

He spent a short time as director of administration, then director of import licensing, then examiner of commercial practices and director of price control.

He became assistant secretary first of commerce, then of industrial development, in the early 1970s, and in 1973 was made deputy secretary, industries, where he has stayed.

There were plenty of people, in and outside the department, who expected Datson to become secretary. The chain of events that worked against him have not been put on the record (and Datson won't discuss it).

"On reflection I think it has worked out right. I don't know if I'd be the right person," he says.

In his current position he "almost accidentally came across outstanding examples of *small-scale, high-value* operations. I was very able to take my interests a lot further."

In September 1977, a workshop on the small-scale high-value concept was run. The first objective — to get recognition — "has now arrived," says Datson.

The second — to provide access to funds — has been provided through the Development Finance Corporation, the capital venture fund and the guarantee and new employment provisions of the Small Business Agency.

"On the research and development side we had the applied technology programme. Government purchasing has changed in a positive way but not enough," he says.

The outgoing Datson says there is a lot to be done yet. Research and development in *electronics, precision* engineering, pharmaceuticals and biologicals ("resins, enzymes").

That's where his post-departmental career will take him — to "The New Zealand" product.

Health

Low IQs and lead exposure

WHILE New Zealanders are driving around in cars emitting one of the highest lead levels in the world the British have been studying the effects of lead on children.

The resultant findings showed that school children with 13 to 35 microgrammes of lead per 100 millilitres of blood — viewed as acceptable under EEC standards — are suffering from lower IQ levels and behaviour abnormalities.

The study suggested that children lose one IQ point for every microgramme of lead per 100 millilitres of blood above 12. The level is regarded as within the normal range in urban children and confirms more detailed studies in the United States.

This latest study implies that the problem of urban lead poisoning and its insidious effect on intellect and behaviour is more serious than the British Government or its experts have so far admitted.

ELECTION WATCH '81

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Australian movie industry gets tax incentive boost

by Keith Hooper

THE Australian motion-picture production industry, which had been facing a considerable cutback while some of its best films were attracting huge audiences and making millions of dollars overseas, has been given the shot in the arm it had been waiting for to ensure the industry would continue to grow in size, importance and economic value.

This came with an assurance, announced by Australian Taxation Office's first assistant commissioner Brian Nolan, that film-production costs and all money "at risk" in underwriting production will qualify for tax deductions for producers and their backers.

Nolan made the announcement to a meeting of the Film and Television Production Association which welcomed it enthusiastically. The association represents most of this country's leading movie makers.

He had travelled from Canberra to Sydney to address the meeting and clarify taxation law.

He said a new division of the Income Tax Act would allow a deduction set at 150 per cent of risk capital invested to produce a film, and, further, that this division would allow proceeds from the film to be exempt up to an amount equal to half the total sum invested.

However, the Tax Office, which had become concerned in the past year over certain investors using the industry as a tax shelter, would allow the deductions to apply only after the film was completed.

He said the risk qualification meant an investor would have to be involved from the early stages of production — not come in as an underwriter after production finished.

Expressing the association's reaction, executive director James Mitchell predicted the industry now would get back into the full swing it enjoyed over the past couple of years, with major projects shelved in the past few months, because of doubt over investor eligibility, finally going before the cameras.

It is believed the number of shelved projects had reached double figures.

One of the most recent completed before investors — mostly from the medical and other professions — began holding off was *The Man from Snowy River*, made in the Australian Alps straddling the border of Victoria and New South Wales.

This film, with established Australian star Jack Thompson and American Kirk Douglas, is based on a famous and much-loved poem by the late A B (Banjo) Paterson, who was born at Gundagai, south-west of Canberra, and is expected to become the next Australian "blockbuster" overseas, perhaps as big an income earner as *Gallipoli* and *Picnic at Hanging Rock*, both directed by Peter Weir, who recently turned down a lucrative Hollywood offer to stay in Australia.

Thompson already is well-known to New Zealanders through several films and television series, including *Sunday Too Far Away, Caddie, Breaker Morant* (in which he won an award for best supporting actor, as the army lawyer who tried to prevent the Boer War execution of the Australian poet, Harry Morant, played by Edward Woodward) and TV's *Spyforce*.

Gallipoli, undoubtedly the most successful Australian film yet made and already becoming the biggest box-office draw in history among foreign-made films shown in the United States, was financed by two very successful international Australians, entertainment entrepreneur Robert Stigwood and media magnate Rupert Murdoch, whose company, R & R, is expected to reinvest the accumulating *Gallipoli* profits in other productions.

This film of the youth of Australia, and New Zealand, who fought on the Gallipoli Peninsula of Turkey in 1915 and created the immortal name, Anzac, is running 24 hours a day at the DW Griffith cinema in New York, whose owners have decided to make it their policy to show only Australian and New Zealand-made films.

Which brings in the point that a healthy Australian film-making industry is as important to New Zealand as it is to Australia, for, as already is evident, the industry is offering increasing opportunities to New Zealand as well as Australian actors and actresses and other film and television people.

For a New Zealander living in Australia and going to the cinemas or watching television at home, New Zealand faces are almost as familiar nowadays as those of locals.

Australia always has been a source of fine actors — Peter Finch, Leo McKern, Errol Flynn, Merle Oberon, Rod Taylor, Ron Randall, Michael Pate, to name a few — but until the 1960s they had to make their reputations overseas.

Some now are "coming home" to help the industry they always hoped would thrive — Pate, for example, is into production.

It is not generally known that the Australian industry is as old as that of Britain or the US.

Indeed, Australia produced in the first decade of this century the first two feature films, *The Way of the Cross* (made by the Salvation Army) and *The Kelly Gang*.

But for many years, certainly until the 1960s, Australian films had to battle to get into the majority of the country's cinemas, which were controlled largely by Hollywood interests.

Firing squad in Breaker Morant, attack in scene from Gallipoli and a depression in My Brilliant Career with Judy Davis . . . Australian heritage on celluloid.

Even so, it screened such classics as *Forty Thousand Horsemen* and *Smithy* which proved successes, if not great profitmakers.

Occasionally, the American interests spent some of their Australian profits on making films in Australia, among them *The Sundowners*, starring Robert Mitchum, and *On the Beach*, with Gregory Peck, Ava Gardner and Fred Astaire.

The British, who also had a heavy stake in Australian cinemas, followed a similar policy, their products including *Robbery Under Arms*, with Finch and David MacCallum *The Overlanders*, with Chips Rafferty, and *The Age of Consent*, with James Mason. Most of those films did very well financially, but Australia was a minor beneficiary.

Now there is a trend for Americans and Britons to seek parts from Australian companies.

Meanwhile, the National Film Archives in Canberra has begun a campaign to find and keep for posterity many early Australian-made films and transfer them from nitrate film, which deteriorates in time, to longer-lasting modern film.

This search already has brought an exciting discovery overseas of a print of an early classic, *The Term of his Natural Life*, a story of the convict days in Tasmania, made from the book of Marcus Clarke. The film "died" because it was released just as "talkies" began taking over in the cinemas.

Now, the present owners of the film are working on it with the idea of re-releasing it in cinemas around the world, still in the silent version.

It would seem — and some American film-industry sources have said as much — that Australia could become a world centre for film production as Hollywood was between the wars and Italy and Sweden for a time in the 1950s.

Nowadays, the main thrust of American production is towards making films for television rather than for the cinema. The Australians, by aiming at the cinema first, then television, stand to make the end profit more assured.

TAILPIECE: Meanwhile, as the films scoop in the United States dollars, Australian television series are beginning to score equal success on American networks. Latest reports are that *A Town Like Alice*, starring Bryan Brown as the Australian prisoner in Japanese hands (he won commendation for his support role in *Breaker Morant*) and Helen Morse (*Caddie*) as the English girl, Jean Paget, is being screened by the Public Broadcasting System and attracting viewers away from competitive programmes on the commercial networks.

Alice is winning as much critical acclaim as did another series previously shown both in the United States and New Zealand, *Against the Wind*, starring English-born Australian singer Jon English in an outstanding dramatic performance as a convict in the early days of Sydney's settlement.

Tourism

Encouraging findings in Australian attitudes survey

by Gordon McLauchlan

A STUDY of the Australian tourism market made in May for the New Zealand Tourist *and Publicity Department* promises a resurgence of this country as an Australian destination — and the statistics for June (the latest available) tend to confirm it.

The best news from the research project is for the South Island. Among the findings: "We would estimate that 75 per cent to 80 per cent of all the discussion time on New Zealand related to the South Island. In particular, people were aware of the tourist areas in the south of the South Island — hardly anything north of Christchurch got a mention."


Trans-tasman tourists . . . return flight predicted

The Sydney-based research organisation, McNair Anderson Associates Pty Ltd, first looked hard at the Australian *market for the Tourist* and Publicity Department in 1978.

After many years of accelerated growth in the number of Australians coming to this country during the early 1970s, the flow was ebbing. The *survey then was mostly* bad news. New Zealand had become — in the jargon of the trade — a "will go" destination but not a "must go". Australians would put off coming here as long as there were *more interesting and exotic* places to go.

"In 1978, participants (in the study) would mention New Zealand last on the list (if they mentioned it at all) or would proffer it hesitantly, sometimes *saying 'do you include New* Zealand'," and they tended to regard this country as a kind of off-shore island, like Tasmania.

The latest study says: "This is no longer true — New Zealand is named frequently as a possible holiday destination at the spontaneous level. Thus New Zealand, over the intervening years, has moved from the background into the middle ground — but it is not yet, however, a dominant, front-of-mind destination."

More pointedly, young Australians now regard this country and its people as quite different from themselves — but in a positive way. Friendly, reserved, co-operative Kiwis are reminiscent of Australians 20 years ago and how many of them would like to be today.

The survey suggests that Australians see holidays now as more necessary than ever as an escape from the daily grind, and part of a significant change since 1978 is the total time and the number of breaks they achieve in a year.

"Many participants reported that their standard holiday time is four weeks (in a number of cases as high as six weeks) but that with judicious use of flexitime (glide-time), public holidays and sick leave, they can extend this, for all practical purposes, by another two weeks . . . It is not uncommon for people to have three significant breaks from work a year — two of seven to 10 days and a major one of three to four weeks."

This is more common with those under 35 and more prevalent in Sydney and Melbourne, for example, than in Brisbane.

Put this all together, add the growing currency advantage (not mentioned in the survey) and we are having a gradual turn-round in our tourism business with *Australia even if* there's still no great urgency in the Aussie need to come here.

The figures released, for the 12 months ended June 30 last, show no change compared with the equivalent period ended in 1980 — a favourable trend after years of gradual decline in visitor numbers from across the Tasman.

And the figures for the month of June itself — perhaps our least hospitable month — show growth of 5.4 per cent over *June 1980*, up *from* 12,436 people to 13,115.

One "increasingly negative" sign, however, was the "perception of New Zealand as a country that is economically going down the drain." There was an understanding that economic troubles had led to thousands of New Zealanders emigrating.

"While this in itself is not held against them, the Australians do wonder what has caused this economic malaise. If the economic downturn became too extreme, one suspects that Australians will see New Zealand as a loser and not want to be associated with it," says the report.

Battle to attach accounts

by Stephen Bell

THE battle for automating travel agency accounting is *beginning to heat up.* And there is less of a gap between the big and small promoters than was expected.

The recent Travel Agents' Associaton of New Zealand (Taanz) conference in Auckland saw the first appearance of the accounting attachment to the Maars (Multi-Access Airline Reservations System), which was absorbed, with Broadlands, into the Fletcher Challenge group.

The Maars network, by agreement with the airlines flying into this country gives access to each of their own computer-aided reservations systems. Thus a flight involving travel by several different airlines can be fully booked from the one visual display ter*minal*.

The FCL accounting system might logically have been expected to be a closely integrated part of Maars, but what has emerged is a system which requires the travel agent to buy two separate terminals. One makes bookings and the other, equipped with floppy-disc storage, processes the accounts.

Booking information is automatically passed across from one terminal to the other's storage as the booking is made, said spokesman Peter Straka. For technical reasons, as yet unclear, it was impossible to merge the two functions onto one terminal with storage.

This increases the expense to the *travel agent, and* reduces FCL's advantage over the separate accounting systems already being sold to some travel agents.

A separate system, Straka said, would involve a small processor, at least. With the Maars-associated system, on the other hand, "we're only talking about an intelligent terminal."

He was unable to give a firm estimate yet on the extra cost to the travel agent already hooked into Maars.

Auckland company Computer Dynamics has already sold one of its Travelink accounting systems to a local travel agent, and was exhibiting at the Taanz conference alongside the FCL offering.

The *Maars-attached* system was not presented in its final commercially-saleable form at the conference, Straka admitted. The storage was implemented in semiconductor memory rather than on the floppy discs. The floppy-disc terminals are being supplied by Videcomm, one of the partners in the British company which originally developed the system.

Straka could not give an accurate estimate of when the accounting system would be commercially available, but it would be "roughly four months away," he told *NBR*.

Banking

Need for new trading bank far from accepted

SOME sectors of the banking and finance industry are pressing the Government for permission to set up a new trading bank (NBR, November 2). This week, Allan Parker concludes a two-part look at the industry by examining the arguments of those who insist we don't need a new trading bank.

CURRENT uncertainty in the banking industry rests on one basic premise — that a new trading bank will be formed to fill the gap left by the merged Bank of New South Wales and Commercial Bank of Australia. Such a presumption, however, is far from confirmed fact.

Indeed, there is strong support for the argument that a new bank just to fill a gap left by the merger is not warranted in New Zealand — that we have enough banks already operating to take up any slack left by the merger, if, in fact, there will be any slack.

Those who support this view *point out that one stated reason* for the NSW-CBA amalgamation in Australia was that both were too small to be viable units operating independently.

With investment running into scores of billions of dollars in Australia for its own resource development programme, the smaller units will pick up some of the action. But the bigger boys will take the cream off the top.

In New Zealand, too, the next decade will see large-scale investments into our own resource-based projects and while a new bank could expect to pick up some of that business, it would be basically starting from a secondary position in the market.

Yet, as one top Government finance official told *NBR*: "By some strange logic, people think there is room for another bank if two have to merge."

Obviously, the trading banks themselves will agree. The removal of one competitor (when the merger takes prac*tical effect*) will *mean less com*petition for new money, particularly the investment activity that will stem from the "Think Big" programme, or whatever form development takes after this election.

Rather, the anti-new-bank debaters maintain there is scope for further activity within the existing finance industry.

The past 15 years have seen a remarkable diversification within the industry. Historically, the trading banks have been the overwhelming influence on the market. They are still dominant, but can no longer claim their role is as all-encompassing as it has been traditionally.

The expansion and development of this downstream sector of the industry has taken on more urgency in later years as new operators have spotted market gaps and moved to fill them.

Competition for the nation's dollars has become significant (marked by intense advertising campaigns *by the building* societies and others).

And all the trading banks now have secondary market operations.

The trading banks have been able to rely on two key facilities for their continued dominance — the taking of demand deposits and their use as the clearing houses for overseas exchange.

These two single activities give them the market advantage — a big one — not available to the other industry operators.

But there is growing support *for greater competition within* the industry, including the right for the secondary sector to participate in traditional trading bank activities.

One senior financier asks: "If the trading banks can move downstream, why can't we move upstream?"

Certainly, the lines of demarcation between the trading banks and the secondary sector of the industry have become more blurred in recent years and competition for investment capital has heated up; Prime Minister Rob Muldoon's reaction against high interest rates last month reflected that competition.

The Reserve Bank favours more market competition. Its 1981 annual report comments: "The importance of an efficient financial system to the community is emphasised here because monetary policy should be designed not only to influence the cost and availability of money but also to enhance, and not to detract *from,* the *efficiency* of the financial sector.

"This means that monetary policy should be implemented, if possible, by intervention in the market rather than by direct controls which almost invariably produce distortions and *inefficiencies*."

Later in the report, the bank says: "The bank prefers public debt and open market operations as a means of giving effect to monetary policy because these influence the financial system in a general and non-discriminatory way."

The report points out that failure to use the market approach efficiently or effectively can be remedied by use of the reserve asset ratio system.

One senior government official involved in the financial sector said: "I'm in favour of more competition."

Not, he said, more proliferation: "When financial institutions operate in a protected environment you just get proliferation; I don't believe we want a *financial institution on* every corner.

"What we need is a structure for people to place their money in confidently and expect to get it back."

He said: "We can add new institutions when there is a perceived gap in the system and some financial needs are not being fulfilled."

Others go further. They argue that there is scope for limited activities in the trading bank field by some second-tier institutions, given adequate controls by the Reserve Bank.

Deciding who would get such approval would be a tricky political problem but three such second-tier operators already exist: the trustee savings banks, the Post Office Savings Bank and the Development Finance Corporation.

Two are government-owned and the third, the trustee savings banks, has no direct links with a particular private organisation. All three could step into such a limited role, although with some opposition from other sectors within the industry.

The Labour Party has already adopted this "limited bank" idea *in* its election policy.

In a little-noticed speech in August to the Wellington Chamber of Commerce, party leader Bill Rowling detailed Labour's scheme.

"Labour will establish a resources development bank in association with the DFC with two major aims — to direct finance into the bigger projects, and to assist in the carrying out of industry development and rationalisation programmes," he said.

This resources development bank, said Rowling, would be 51 per cent owned by the corporation — the bank everyone loves to hate but which successive governments expand — and the New Zealand public would be able to subscribe for the remaining capital.

"The bank will seek listing on the Stock Exchange and we will also *grant it a limited* banking licence," said Rowling.

Labour's approach is clearly aimed at ensuring the investment programmes required for the coming decade, particularly the major projects, will be channelled through and controlled by New Zealand interests.

To some extent, the DFC has already moved in this direction by splitting its activities into two separate divisions — one handling large corporate financing and the other, incorporating the Small Business Agency, catering for small to medium-sized businesses.

A corporation spokesman, commenting on Rowling's proposal, said: "We think the idea (of a resources development bank) has a lot of merit. We see our role as continuing to evolve."

The pressure on the Govern*ment* to "New Zealandise" the investment programmes planned for the coming decade will undoubtedly increase.

The issue remains a difficult one to resolve. The country needs access to international finance for the planned in*dustrial developments — hence* the Government's approval for two large overseas merchant banks.

But if they and any later entrants become too dominant, opposition will become more vocal.

Plastics

Exhibition pointer to bright future for world industry

SINGAPORE's planned "Rubberplas '82" international trade fair, next February 23 to 27, is more than just a shopfront for 200 companies from 15 countries already booking space, the organisers claim.

It is being promoted as evidence of a boom in the rubber and plastics industry — a bright future recognised by authorities in the host state.

Rubberplas '82 is being actively supported by manufacturers, the organisers claim, in view of the high growth rate in the rubber and plastics industries throughout the world.

According to the Singapore Economic Development Board, the two industries there have a vast potential market in the next five years.

In Singapore alone, the Economic Development Board has targeted a growth rate of 20 per cent in the plastics industry, a figure augmented by the continuing development of the electrical and electronics industries. This means that NZ$45 million worth of plastic goods are expected to be produced by 1985.

It is estimated that the world consumption of natural and synthetic rubber will reach 10.9 million tonnes in 1983 and the rubber industry in Singapore can expect a $12 million output capacity by 1985.

The current demand for plastics to replace metals has caused a shortage in the supply of plastics from manufacturers overseas.

Because of its lower cost and lower consumption of energy, car and construction industries, for example, are radically adopting plastics to replace other materials in their production processes.

Plastics manufacturers in Asia are therefore taking advantage of this situation and are boosting their supply.

Rubberplas '82 is seen as an opportunity for manufacturers and suppliers to demonstrate their newest machines, materials and services to the world's buyers.

According to the organisers, a cross-section of the exhibits to be shown at Rubberplas '82 will include finished and semi-finished products, blow moulding equipment, colours, dies and pigments, compression moulding equipment, cryogenic processing systems, extruders and extrusions, film-blowing equipment, foam-moulding equipment, glass-fibre processing, granulators, injection-moulding equipment, industrial robots, synthetic resins and welding equipment.

The exhibition is being organised by ITF Pty Ltd, a subsidiary of Industrial and Trade Fairs International of the UK and an associate company of the Times Organisation of Singapore.

ITF has long been associated with the rubber and plastics industries, having organised Interplas, which — with Kunststoffe Dusseldorf, Europlastique Paris and Milanplas — forms the European exhibition cycle for the rubber and plastics industry.

This survey of the plastics industry is compiled by David Peach in association with the Plastics Institute of New Zealand.

To the defence of PVC

POLYVINYL chloride's (PVC) suitability as electrical conduit and its suitability and acceptability for meat-packaging are the subjects of two recently released overseas information kits; *PVC — Its Characteristics in Fire Situations*, a 25-page report from Carlon, a United States company, and a series of fact sheets entitled *Baloney* from American Hoechst's film division.

The Carlon report released last July at a New York City press conference, is a major counter-attack on the issue of toxicity and burning PVC.

In it, the company maintains that PVC does not present an unacceptable hazard in a fire situation.

The report was developed by Carlon and several other PVC-industry companies to fend off critical publicity generated earlier this year when Carlon's electrical non-metallic tubing — a flexible thin wall PVC conduit — was kept out of the National Electrical Code by a National Fire Protection Association decision.

Concurrently, a series of ads sponsored by a conduit manufacturer was run in magazines.

The ads linked PVC with the crippling release of toxic gases in fires referred to as "intoxication syndrome".

PVC conduit is not new. It was introduced in 1958 and received recognition in 1962. Since 1962 about two billion feet of PVC conduit has been installed in commercial applications. However, Carlon's "flexduit" is new and in direct competition with steel conduit.

Currently Carlon is circulating the report among the engineering community inspectors and electrical contractors as part of a kit which also refutes allegations made by Allied in its ads.

The film division of American Hoechst is offering its *Baloney* information kit in hopes of dispelling the incorrect impression that PVC cannot be used for meat-packaging.

According to Hoechst, until 1975 PVC was the most popular material for the application.

Then, the Food and Drug Administration proposed banning PVC for use in food-packaging.

Adverse publicity and the resultant confusion was such, that despite the fact that the proposal was never acted upon in the ensuing six years, PVC lost a substantial share of the market.

Hoeschst's point is that not only does PVC continue to be prior sanction for food contact purposes, but that it also has become one of the most widely tested and researched packaging materials available to the food industry.

Advantages of PVC for meat processors and packagers cited by Hoechst, and detailed in the report, are reduced costs, superior performance and availability.

Local government

Brewery does environmental duty over native bush... ends in red-tape row over control of adjacent waters

by Sue McCauley

A "UNIQUE" situation was how the Minister of Lands described it. But one man's unique situation is another man's dangerous precedent.

For almost a year, people in the Whangarei county have been fighting a localised battle on an issue with national implications — a prolonged and inconclusive wrangle known as "the Mimiwhangata affair". At stake, say local protagonists, is the traditional New Zealand right to "freedom of the sea".

The issue centres on an 800ha block of land on the Mimiwhangata Peninsula, north of Whangarei. The property has been owned, since 1962, by Lion Breweries Ltd and was the proposed site of a multi-million dollar tourist resort with all the attendant facilities and amenities.

But in the face of a public outcry, that plan was shelved and in 1972 Lion's won the accolade of the Environmental Defence Society by announcing that it would preserve the Mimiwhangata property in its natural state.

That "natural state" embraced more than the considerable scenic beauty of bay and bush — Mimiwhangata has 112 known Maori archaeological sites within its boundaries (including 10 pa sites), and the surrounding waters are rich in sub-tropical sea life — some, it has been claimed, unique to the area.

The property has a Government valuation of $1.45 million — without taking into account the gold reef reputed to run through the area.

Under Lion's ownership, the homestead has served as a holiday retreat for various VIPs including, in 1973, the Queen and Duke of Edinburgh.

In 1975 Lion Breweries, wearing its conservationist hat, set up a Mimiwhangata Farm Park Trust. Sir Geoffrey Roberts, who retired last year after 18 years as one of Lion's directors became chairman.

The brewery then leased the land to the trust for a 21-year term, and subleased it back for farming.

The trust, as a charitable organisation, was committed by its deed to "the advancement of education by encouraging, fostering and supporting scientific research and study into historical, archaeological, ecological and marine features in New Zealand, its landscape and its continental shelf and off-shore islands for the use and enjoyment of such features by the New Zealand public."

In preparing a management plan for the farm park, the trust board decided that reserve should include the Wideberth and Ramariki Island (belonging to Lion as part of the Mimiwhangata property) *and the surrounding coastal waters.*

Sir Geoffrey has explained that the brewery realised it had a "treasure" in Mimiwhangata, and considered that the sea, farm and forest were all interlocked and needed joint protection.

To achieve this, the trust board talked with the Hauraki Gulf Maritime Park Board "to see if some form of integrated control might be agreed to."

(The Hauraki board already controlled islands and some coastal areas as far north as the Poor Knight's Islands, and Mimiwhangata was within its specified potential area of control. As legally designated, the Hauraki Gulf Maritime Park extends from the foot of the Coromandel Peninsula to a point north of the Whangaruru Harbour; its board consists of 10 members appointed by the Minister of Lands, and day-to-day administration is handled by the Lands and Survey Department in Auckland.)

The outcome of the discussions was an agreement that the trust board would vest the coastal strip and headlands of the reserve in the maritime park board and the park board would apply for a grant of control over the inter-tidal area and the water.

A sub-committee comprising two members from each board was set up to "manage" the coast and sea.

It was this marriage between private and public enterprise that the Minister of Lands praised as "unique".

The locals were outraged not at the marriage itself, but the motivation behind it and the choice of spouse.

Not that the marriage banns were widely proclaimed — only, towards the end of last year, when the trust board was in communication with the Whangarei County Council over a formality concerning a "paper road" on the reserve, did the partnership become a matter of public attention.

The Hauraki board, by then, had applied to the Minister of Transport for control of the coastal foreshore and waters at Mimiwhangata. If approved the application would go to the Governor-General for a final decision.

The area of water for which control was sought has been described, in all reports, as "1000 metres from the shore".

But the plan of the area applied for (under Sections 8A and 165 of the Harbours Act 1950) shows that the 1000 metres is a minimum distance, measured from the furthest outcrop of land or off-shore island.

In some places, the area to be controlled is closer to 3000 metres.

The selective presentation of information is one of the accusations levelled at the parties concerned by a Whangarei county councillor and JP Owen Lewis.

At no stage, says Lewis, has the trust board "laid its cards on the table" and had it not been for questions raised by councillors, the public would still be unaware of the Mimiwhangata plans and their implications.

Lewis has become the central figure among the aquatic freedom-fighters, but his stance is supported by his fellow councillors and other local bodies in Whangarei and Bay of Islands.

The Whangarei County Council has recorded its "total opposition" to the water control proposal, and in the early stages of debate local divers, boaties and concerned individuals set up a Coastal Waters Action Group — Mimiwhangata.

The extent of the Hauraki board's control in Northland became a focus of the protests.

Northland, it was argued, should have control of her own resources. The park board's area of control was already over-extensive — should Northland relinquish further her self-administration?

The Bay of Islands Historic and Maritime Park Board, it was contended, would be a more geographically logical choice of partner for the trust board.

Besides, despite the extent of its Northland "interests", there was not one Northland representative on the Hauraki board.

The subject was hotly debated throughout the summer months, when various local bodies were mooted as alternatives to the Hauraki board.

Lion Breweries, finding its plans for Mimiwhangata coming under fire for the second time, could hardly be blamed for publicly implying that Northland was less than gracious in so vociferously drawing attention to the strings attached to the "gift" of what Sir Geoffrey called "one of the best pieces of real estate in New Zealand."

Sir Geoffrey — countering the proposal that the Hauraki board's role in the park trust should be taken over by the Bay of Islands park board — argued that the trust didn't mind which board it was associated with "as long as our ambitions for Mimiwhangata can be achieved."

But insofar as those ambitions appear to centre on control of coastal waters, it seems unlikely that a board reflecting local interests would be compatible with the trust's declared intentions.

Sir Geoffrey also said in April that he had written to the Minister of Lands asking if the two vacancies which existed on the Hauraki board could be filled by Northlanders.

In terms of practicality, the business of substituting one park board for another should pose no problems because both boards operate under the Lands and Survey umbrella, and both share the same chairman — Commissioner of Crown Lands Emmet Fitzgibbon.

But complications were raised by the possibility, intimated by Lands Minister Venn Young, that the Bay of Islands Historical and Marine Park Board was to be absorbed into the proposed Northland National Parks and Reserves Board — a body without marine associations.

In April, supporting the recommendations of the Bay of Islands and Whangarei county councils, the Northland United Council resolved that the Bay of Islands park board should remain in existence, with an extended southern boundary to take in Mimiwhangata, and should take over control of the coastal strip vested in the Hauraki board and "consider" the proposals being promoted by that board.

The resolution had been preceded by a well-attended public meeting and discussions with the Whangarei County Council. At both stages representatives of the trust and Hauraki board had given assurances that the wishes of the local people and their representatives would be considered before further action was taken.

Confident that its point had been taken, the Coastal Waters Action Group disbanded and Lewis got back to selling houses. (With his real estate agent's perspective, he had compared the trust board with "a section owner seeking control of speed limits on the street outside his property.")

But on July 25, the Ministry of Transport gave notice in Whangarei's *Northern Advocate* of the Hauraki board's application for a grant of control over Mimiwhangata's "foreshore, seabed and water."

"Right in between the Royal Wedding and the Springbok tour," says Lewis.

Incensed by what he regarded as a betrayal of trust, Lewis bought a full-page ad in the *Advocate* the following Tuesday. Beneath blazing headlines announcing that "The Mimiwhangata 'freedom of the sea' issue is back again," he denounced the public notice as "a gross breach of faith, the dishonouring of assurances given at a public meeting and an intolerable disregard for the stated wishes of the Northland United Council."

He urged readers to record their protests ("for evil to succeed it only requires good people to do nothing").

When objections closed a month later, the Ministry of Transport reported that it had received a "surprise response" of about 20 submissions including petitions.

The possibility of the ministry calling a public meeting was mentioned, but so far no such meeting has been held.

Those who made submissions have received formal letters of reply.

Lewis, whose submission challenged the legality of the Mimiwhangata proposal, is awaiting the ministry's legal opinion. (Nowhere in the Hauraki Gulf Maritime Park's governing Act of 1967 is there provision for control of sea, nor any reference to "marriages" with private companies or individuals.)

And if it isn't legally wrong, he insists, it's certainly morally wrong, and a dangerous precedent for this country.

"It's significant that much of our strongest support has come from people who have travelled and lived in countries where beaches and sea are subject to private controls and ownership. They don't want to see that happen here," he said.

While opposed to sea control, Lewis does not object to the kind of landing restrictions which are imposed by the Hauraki board on some islands within its maritime park.

"I agree with public restrictions in the public interest, but I strongly object to the kind of selective restrictions (on landing of crafts and sea food gathering, for example) which have been outlined by the trust board.

"These suggest one set of rules for the public and another set for friends."

From the trust board's management plan (a rather generalised document littered with phrases such as "controlled visiting" and "at liberty . . . at any time to restrict access") Lewis underlines statements such as that which says the farm park is intended to be as self-sufficient as possible, and another which says that the park must reflect credit on Lion Breweries.

"When you look into it," he says, "Lion has conceded nothing, made no commitments, surrendered nothing. A lease can be subject to change — and what happens when the lease expires?"

Along with brewery-owned islands the area of proposed sea control includes smaller islands and rocky outcrops. These, says Lewis, are designated "uninvestigated Maori land".

If and when more specific ownership is decided, the trust board could be in the position to restrict the Maori owners from reaching their own property.

The timing of the control application also concerns him. He says it is "most inappropriate" for the Hauraki board to be seeking sea control at a time when maritime planning is being introduced into the Town and Country Planning Act and before the introduction of the planned new Marine Reserves Act "which could close any loopholes in the existing Act".

Furthermore, he says Lands and Survey's role in the Mimiwhangata affair is unwarranted. Any necessary ecological controls could be adequately administered by the Ministry of Agriculture and Fisheries.

"I believe we are caught in the middle of a departmental power struggle, with the Lands and Survey Department trying to exceed its brief in order to justify its own continuing existence," he argues.

Wellington is a long way from Mimiwhangata, and distance, in this event, breeds only suspicion and a kind of wary vigilance.

Northland is waiting for the next move by the park farms "partners".

Says Lewis: "When bureaucrats and big business join forces they are a law unto themselves."

Meat industry

American ranchers have genuine beef

NEW Zealand meat exporters, faced with United States Congress "health" legislation restricting our trade, may consider they have a genuine beef. But home on the range, America's own ranchers are facing a crisis assuming "steak-out" proportions.

The law passed by both houses of Congress barring imports of meat produced with agricultural chemicals banned in America would, if signed by President Reagan, jeopardise our $484 million annual trade.

Most of this is in beef — 70 per cent of all New Zealand beef is exported and 70 per cent of the exports go to the US.

But while the legislation is an immediate threat, a longer-term trend towards declining American consumption of beef could see both New Zealand producers and the American farmer lined up on the same side of the fence.

New Zealand's export trade is mere mincemeat in the overall American beef stakes. The United States' domestic beef production is 9.8 million tonnes annually, compared with a miniscule New Zealand output of 500,000 tonnes.

But now the *New York Times* reports that American ranchers are seriously wondering whatever happened to the red-blooded Yankee beef-eater.

Latest figures show that overall American consumption of beef — in all its forms, from burgers to Sunday roasts — has dropped more than 17 per cent over the past five years. And that trend is showing no sign of abating, according to agricultural economists.

Hence, the congressional attack on our beef exports may have a lot more to do with the financial health of the American domestic industry than any supposed dietary danger to the consumer.

The cattle industry is now in its fifth consecutive year of losses or marginal profits and cattlemen have been shaken by the realisation that an old precept of their calling — beef prices will go up if the size of herds is reduced — no longer seems to work.

Americans still eat more beef than any other meat, but the gap is narrowing. Consumers at fast-food shops, for example, are increasingly bypassing hamburgers for chicken, fish or pork.

No one knows precisely why there has been such a decline in beef consumption, but most people in the industry believe there are two key factors: first, inflationary pressures, which have kept beef prices proportionately higher than those of chicken and other meats, and second, the consumers' increasing interest in reducing fat in the diet.

Terrell Spence, who is responsible for more than 5000 head of cattle in California, Arizona and Oregon, said: "Nobody's making any money. Our costs have risen astronomically. Everything we buy is up 50 per cent over two years ago, but the price we're getting is almost the same."

The rate paid to a rancher for a choice steer on the hoof, Spence said, now averaged about 65 cents a pound nationally. "We'd need 82 to 85 cents to have enough so that everybody would break even," he said, adding that there was "no chance" that price would soon be forthcoming.

Beef prices increased, as expected, but cattlemen discovered that many consumers, squeezed by higher costs for petrol and other products, were willing to forego some beef and eat other meats.

Chicken proved to be especially popular. One major reason was that innovations by the poultry industry in breeding and production worked to cut costs faster than inflation increased them and chicken made an economically attractive alternative to beef.

Moreover, chicken had an important biological advantage over cattle: It takes eight pounds of grain to produce a pound of beef and less than three for a pound of chicken.

As cattlemen encountered resistance to higher prices, the nation was also becoming increasingly concerned about high fat diets as a factor in heart disease and other illnesses. Per capita beef consumption fell to 78 pounds annually from 96 pounds between 1975 and 1980.

From 1940 to 1975, Americans spent an average of 2.6 per cent of their discretionary take-home pay on beef. That figure began to fall in 1976 and is now about 2.1 per cent — a decline that has cost cattlemen hundreds of millions of dollars a year.

Meanwhile, per capita consumption of poultry increased by 20 per cent between 1975 and 1980. And pork prices were also falling during part of that five-year period, resulting in a rise in consumption.

Lintas walkout: the question of legal redress

by Jack Hodder

WHAT do you do when your senior management quit to go into direct competition and take with them most of your staff and your major clients?

Apart from the savouring of some unique feelings of pain and rage, there are two answers: one for the well prepared; and another for the less well prepared.

The well prepared will turn to the written contract which they have with members of their senior management team. That contract will contain a reasonable (and thus carefully drafted) covenant restraining the employee from direct competition with the employer after the contract ends.

The duration and geographical area of the restraint will be limited but sufficient to allow clients and staff to get used to the idea of life without that particular manager. If it is reasonable, it will be readily enforced by the courts.

For the less well prepared majority, the decision of Mr Justice Holland in *SSC&B: Lintas New Zealand Ltd v. Murphy and Truman* (Auckland High Court, A 966/81; October 16, 1981) offers a reasonable degree of encouragement.

Readers of *NBR* will have learned something of the factual background of that case in earlier articles. The facts as discussed below are drawn from the discussion in Mr Justice Holland's judgment.

The *SSC&B:Lintas* advertising group trades worldwide. It has had a New Zealand operation since 1931, incorporating the plaintiff company (as a wholly owned subsidiary of a New York company) in 1975.

The plaintiff's headquarters and major office is situated in Auckland and does substantial business there (\$3,289,000 in total billings and \$774,000 in gross income were estimated for the 1981 calendar year). A substantial proportion of this arose from ongoing relationships with 15 major commercial clients.

The plaintiff company's Auckland staff totalled 23 in September 1981. It was headed by the defendants, Messrs Murphy and Truman, the managing director (since 1978) and creative director (since November 1980) respectively.

On September 22 these two people gave one hour's notice of resignation to the company's secretary and advised a meeting of all but one of the plaintiff's Auckland staff that they were departing to set up their own advertising agency.

This prompted 17 of the staff to hand in notices of their resignation.

On the following day Murphy and Truman commenced business as advertising agents, employing most, if not all, of the 17 staff who had resigned from the plaintiff's business.

Within a few days nine of the plaintiff's major clients announced the transfer of their advertising business to the defendants' new company.

It seems that the defendants' activities were less than spontaneous and that the plaintiff's major clients knew of their impending departure before the plaintiff itself was notified.

On October 1 the plaintiff issued a writ pleading seven causes of action against the defendants. It also unilaterally applied for, and obtained, an interim injunction restraining the defendants "from soliciting approaching or otherwise performing any advertising . . . or other related services" for 15 named organisations.

Mr Justice Holland's judgment confirming the issue of an interim injunction came nearly a fortnight later and followed argument by QCs for both sides.

In its final form the injunction prevents the defendants or their companies or agents from performing advertising or related services for organisations or individuals that were or had been customers of the plaintiff's Auckland branch in the three months before September 22; the injunction lapses on December 22, 1981 (unless there is any earlier order of the court).

In his judgment, Mr Justice Holland commenced by finding that the 30 or so affidavits before him did *not* establish a reasonably arguable case that the defendants had induced staff or clients to break their contracts with the plaintiff or that they had wrongfully detained property belonging to the plaintiff.

The judge went on to find that the plaintiff had established *a reasonably arguable case* against the defendants on three grounds.

The first was breach of contract of service — specifically of an implied term that reasonable notice of an intention to resign would be given.

"Reasonable notice" was held to be six months for Murphy and three months for *Truman. The implied term* was held to give the employer a right (which could be protected by injunction), after receiving notice of resignation, to make arrangmeents for replacement of staff and proper servicing of existing customers.

The second ground was breach of fiduciary duties owed to the plaintiff. (A fiduciary is one in a position of trust.)

Company law has long recognised directors — and, more recently, senior managerial staff — as owing such duties to their company. Among such duties are obligations to treat the company's property as if it were held on trust.

Mr Justice Holland held that the plaintiff company had proprietary interests in (1) the preliminary work done by it (through the defendants) on long-term projects and (2) the continuing personal relationship between itself and its clients. The defendants had used that "property" to obtain the business of some of the plaintiff's clients.

The third ground was wrongful use of confidential information. The plaintiff was held to have established an arguable case that the defendants, in doing business with the plaintiff's former clients, were using information obtained by them as employees of the plaintiff in circumstances where they were expected to keep it confidential and not use it to the detriment of the plaintiff.

As the argument related to an interim injunction, not a final order, the judge was obliged to consider whether the balance of convenience favoured the issue of the injunction or the leaving of the matter to be compensated, if the plaintiff succeeded at the full trial, by an award of damages.

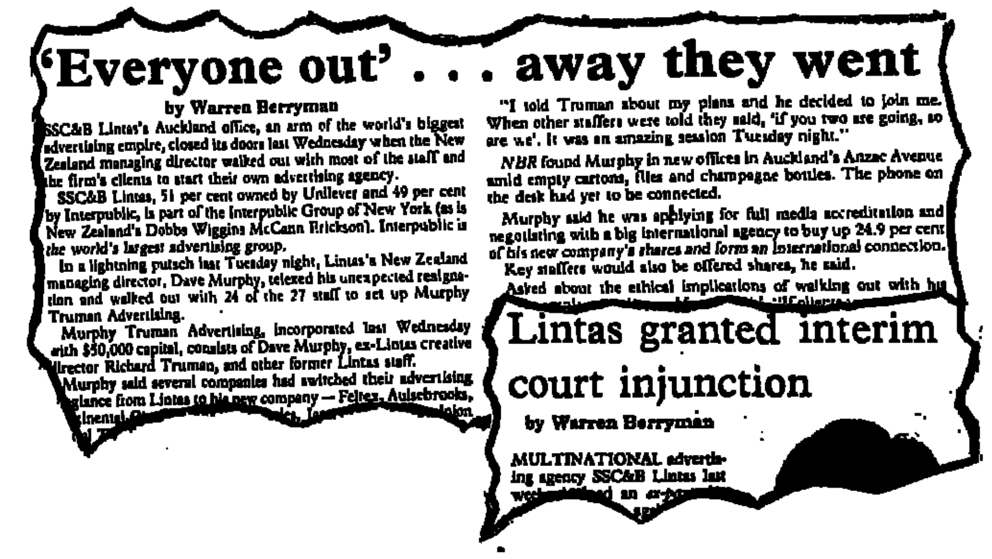
He held that damages for the plaintiff would not be an adequate remedy and that it was entitled to endeavour to retain the custom of all its clients; without the injunction, custom would inevitably be lost.

Perhaps the most significant aspect of the decision is the interpretation of fiduciary obligations in the corporate context. It appears to be a further and not insignificant step in the quickening of such obligations.

The ultimate victim of this quickening process is likely to be the legal acceptability of interlocking directorates.

On a wider scale, Mr Justice Holland's decision may be seen as a partial confirmation of the thesis (expounded in a recent United States book, *The Litigious Society*) that the courts are increasingly willing to apply fiduciary (or tortious) obligations to situations which are not fully governed by contract.

The aim of this process is fairness. Its coexistence with modern competitive practices may be uneasy.



The matter at issue . . . made the headlines

It won't be easy to fast-track a new smelter partner

by Ann Taylor

"CAN'T you do better than that?", Prime Minister Rob Muldoon asked Fletcher Challenge when the company said it "expects" to have a new smelter partner by Christmas and "could" have one by the election.

But National Party economic growth policies — among which the smelter has been highlighted — have no impact on world markets. And all the fast-tracking, electricity-pricing and political backing cannot alter the fact that the world aluminium market is in a shaky state.

The international aluminium industry is looking through the clouds of a recession — to a few glimpses of optimism. But what the actual growth rate in demand for aluminium will be during the 1980s and 1990s is a crucial unanswered question.

Weakening prices caused by over-supply, production cuts, changing demand patterns and increasing stockpiles will force any potential partner to think carefully before joining South Pacific Aluminium Ltd's consortium to build a smelter at Aramoana.

The company has had six approaches — two from Japanese companies. It is seeking access to technology, markets and finance and is not restricted to a single partner to take up the remaining 25 per cent share in the consortium.

The grand dames of the aluminium industry must investigate every new opening as a matter of course.

But if the recession does lift, it seems more likely that the big companies would opt to proceed with projects in Australia because of that country's bauxite resource and comparative electricity prices.

Smelter supporters here argue that the recent dropping of projects in Australia enhances this country's position. "The opportunity for a smelter here is increased if one is dropped somewhere else" — the smelter-by-default argument.

The advocates acknowledge the depths of the recession in aluminium demand but lay the blame primarily on the general world recession. They point optimistically to the developing countries and cite a relationship between increased GDP and aluminium demand.

The increased use of lightweight aluminium in an energy conscious world and the small increase in American demand (0.5 per cent) necessary to make the Aramoana smelter viable are given as reasons for tenaciously going ahead with the project.

South Pacific Aluminium executives are now talking to prospective partners overseas. The present recession "makes it difficult. Equally it might be the best time to get something off the ground and come out ahead," said one Fletcher Challenge spokesman.

World stocks of unsold aluminium stand at 2.5 million tonnes and are expected to rise to 3 million tonnes — 15 years production from Aramoana — before the market improves.

In the United States producers are working at nearly 700,000 tonnes a year below capacity.

Consumption of aluminium in the non-Communist world actually fell by 3.7 per cent last year.

While the pros and cons of a castor roller mill are argued here, British producers are investing in facilities to supply European aerospace programmes — the biggest development in the fabrication end of the British industry.

But even that market is in the doldrums. Boeing, the biggest plane maker, is reported as being a net seller of some forms of aluminium in an attempt to get inventories down.

British companies built up their stocks last year. This year they are cutting output.

Fletcher Challenge's energy chief, Barrie Downey, is confident of finding another partner.

"The fact is that we did not approach anybody. There is no lack of interest because fundamentally it's a long-term project," he said.

He acknowledges the industry must take a long-term view. He said "the fact that the market has forced a few companies to cut back expansion and stall a few projects means the market will be stronger in the long run."

But Britain's *Financial Times* reports that view as part of a "furious argument" developing among forecasters, companies and observers.

"The general attitude at present is that the companies believe world aluminium will be back on a curve of relatively fast and sustained growth within a short time of the recession starting to lift.

"The minority view, which is growing in strength, is that the heady years of growth may be followed by a maturing of the industry and lower growth," the *Financial Times* reported.

That maturing will be caused, the argument goes, by aluminium fighting for its place against plastics and other lightweight, non-corrosive materials.

Unlike steel, aluminium can, in theory, go round and round without becoming unusable. Scrap recovery of 40 per cent is being achieved in the United States.

"More than two years of actual decline in aluminium consumption is going to make the task of settling into a pattern of growth again, in the future doubly difficult for the six big companies — Alcoa, Alcan, Pechiney, Reynolds, Kaiser and Alusuisse. Their present tactic is to postpone ambitious development projects . . . by every means open to them without throwing the baby out with the bathwater," the *Financial Times* said.

American producers are finding themselves isolated in a slipping domestic market as auto, appliance, construction and building industries cut output.

In 1979 and 1980 overseas demand enabled America to ship aluminium at higher prices than those on the domestic market. But that export market has dried up and European producers, laden with excess stock and encouraged by the stronger US dollar are shipping aluminium to the United States.

In the first two weeks of September United States order receipts were down 17 per cent on the previous year. Analysts there are putting the industry's profit drop between 40 and 50 per cent for 1981.

New York's *Wall Street Journal* reports Ford Motor Company enthusiasm about aluminium to be "cooling".

Aluminium producers had been counting on the No 2 carmaker to increase its use of aluminium. But Ford, like other car companies, does not want as much as previously planned and says that after 1985 "the aluminium content will decline through the rest of the decade."

"Aluminium has been more successful in penetrating the electrical, building and construction, and container markets, making it the second most used metal after steel. Thus, the auto industry remains the only major market that can contribute substantially to the aluminium industry's growth," the *Wall Street Journal* reports.

But the *Financial Times* reports that "aluminium's right to be the natural successor to steel in the building of motor cars is already being challenged by plastics which are being found suitable for a number of parts."

Australia's grand design to become the world's second largest aluminium producer — after the United States — by 1990 has become an early casualty of the recession.

The intention in the late 1970s to increase production, with five or six new smelters up from 300,000 tonnes to 2 million tonnes a year output, has faltered.

Alcan reworked its sums on the electricity price originally quoted and backed out on the proposed Bundaberg, Queensland smelter. That company, with good Canadian and American markets ... relatively healthy vision ... future might well fit ... Aramoana scene.

Four smelters in Aust... are under construction although when they will reach full production capacity is uncertain.

Western Australia moved ... when Alcoa *et al* canned its ... for a 200,000-tonne smelter ... that "nobody really expects ... go ahead," said ... Downey.

Alcoa's Portland ... smelter was threatened ... new scale of electricity ... put up by the Victoria... Electricity Authority ... duress from the ... Treasury. That row ... but it did focus attention ... importance of energy pr...

Discord between ... aluminium industry and ... governments on electr... prices in fact have spread ... across the world.

The industry's stance ... the metal can only be ma... sold at prices which will ... it to displace other mate... and capture markets ... energy-intensive producti... based upon the cheapest p... available.

To find that power the ... companies are prepared to ... to more remote parts ... world like Brazil, Zaire ... Aramoana.

The fortunes of alumin... could be enhanced by ... United States seeking to ... strategic stockpile ... quirements. The target of ... million tonnes is hardly ... the current stockpile of ... tonnes.

But, so far the United S... administration has show... signs of being prepared ... finance such heavy stoc... quirements, and in any ... would buy up its own ... ducers' stock.

Japan seems the ... country to provide a ... moana partner. This cou... importing costly oil to ... aluminium, has been for... close, albeit temporarily, ... of its smelters.

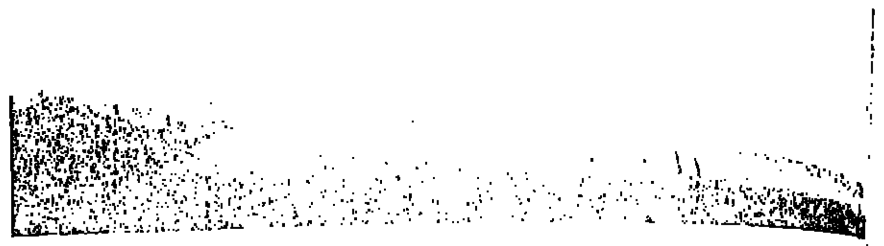
But, obviously bound ... net exporters with sig... surplus stock, Japan has ... ed to restrict aluminium ... ports by tariff or quotas ... tect its own industry ... "strategic necessity".

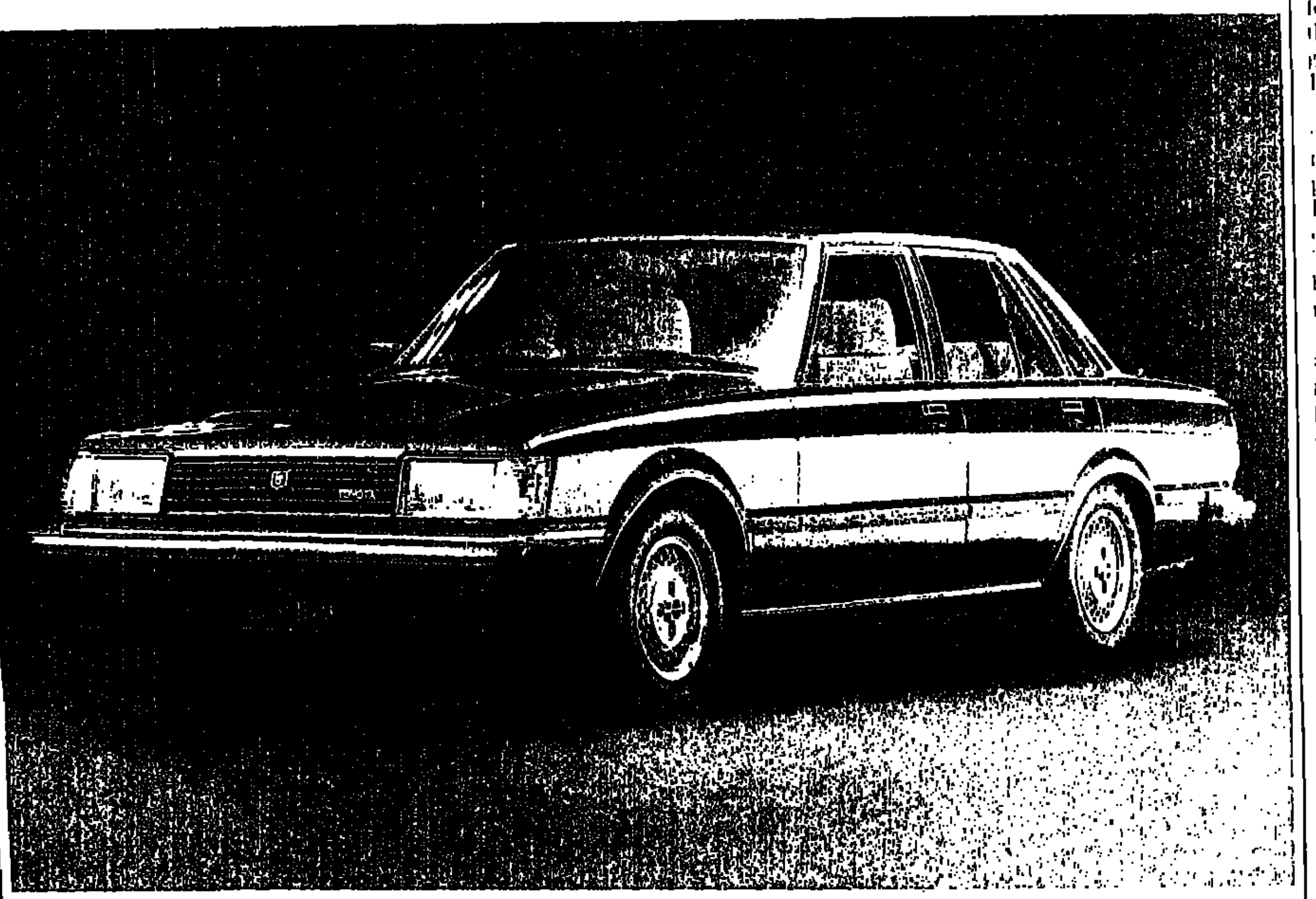
Aluminium is this coun... largest single commodity ... to Japan and the Japanese ... pany, Sumitomo, has a ... cent interest in the ... smelter.

Sumitomo's chairman ... here last month and ... about joining up with the ... moana smelter partner.

But South Pac... Aluminium says the Sum... possibility has "been ... ed out of proportion".

That suggests Alcoa ... most likely partner for the ... moana consortium.





Price on Beetham's seat

by Colin James

RANGITIKEI is the jewel in Social Credit's crown. Pluck it and the crown will not glisten half so much. And to the plucker will go political immortality.

National badly wants to do the plucking and Paul Bardwell badly wants to be the plucker. But the plucking will not be easy.

Bruce Beetham turned Rangitikei round from a rock solid blue National seat to a 2853-vote margin for himself. He did that with luck, skill and television charm — and good backup organisation.

The question is: what has changed in the past three years to build up National hopes of winning the seat back? And are the changes deep enough to justify the hopes?

The by-election in February, 1978, shocked National.

Continued Page 42

'Think Young' — if parties knew how

by Richard Fletcher

"THINK Young" — an ironic election slogan in Miramar, where it is being used by sitting member Bill Young, aged 67. And this in itself could point to the dilemma facing all three major parties, open to the accusation of being out of touch with the most volatile and unpredictable of all the sectional interests this election.

Like the Springbok tour issue, which cut across the established socio-economic political loyalties the parties find easiest to chart, the voting attitudes of the young, all too many of them for pollsters' peace of mind casting their first ballot, defy instant categorisation.

Fact one: voters under 24 — a bigger proportion of the total electorate in recent years, since the voting age was lowered first to 20 and later to 18 — now number around one fifth of the total electorate.

Fact two: a fifth of all respondents in NRB and Heylen polls are still opting for "uncommitted". A warning, though: these two percentages cannot be directly related.

But fact three: First votes have always tended, more often than not, to have a lasting influence over the way a person casts his or her ballot for the rest of his or her life.

All the more so as the election results of the 1970s have shown a greater voter mobility in all age groups, hammering the last nail in the coffin of the old adage that young voters almost invariably follow parental voting habits.

More immediately important for all parties is the all-pervasive feeling: do the issues, aimed at older voters the campaign is being fought on, really interest the young voter? Even more important: just as many school-leavers' first job experience these days is joblessness, will their first contact with the electoral process turn out to be non-voting?

As the campaign gets into top gear and the parties woo the elusive uncommitted vote, a good proportion of this month's media saturation will be aimed at the "youth vote". Estimates put the number of potential voters between 18 and 24 around 400,000.

More than half of this number will be voting for the first time. And those polls show 25 per cent of them uncommitted, 5 per cent higher than for the electorate as a whole.

In an effort to grab some of the spoils, both Labour and National are pitching commercials at the "youth voters" through cinemas.

Labour communications officer Simon Walker said his party's cinema ads were specifically designed — quick-tempo and attention-grabbing — to appeal to movie audiences, which are mainly made up of people under 28. National's cinema ads are the same as on television.

Labour officials say privately the party is concerned at the apparent lack of support the polls are finding among the younger voters. In a recent Television New Zealand-Heylen poll Labour trailed both National and Social Credit among the "new voters", so the youth-oriented advertising campaign could be crucial for Labour if it wants to make gains.

The difficulty for all political parties in catching the "youth vote", however, could be more deep-rooted.

In party strategies, there appears to be an assumption that there actually is a "youth vote" that can be captured *en masse*. Both Labour and Social Credit have youth policies.

The polls, and a quick look at the people in the 18 to 24-year-old age group, would suggest otherwise.

Potential "youth" voters range from university students, insulated from the mainstream, though possibly better informed on issues such as the Springbok tour, bursaries and lack of holiday jobs, through to the young unemployed, some of whom have been in and out of jobs since they left school and, they say, facing little prospect of change.

Between these groups there may be common bonds, perhaps lack of cheap inner-city accommodation and job prospects.

Does that mean a mass phalanx of 18 to 24-year-olds will march to the polls armed with these grievances and vote accordingly?

A number of youth workers have indicated otherwise to *NBR*. In fact, they go further, suggesting the gap between the "haves" and "have nots" among young people is growing wider. Moreover, they find it difficult locating and making contact with some groups of particularly disadvantaged young people.

The National Youth Council has put out a leaflet, laying out party stances on a number of issues it sees as relevant to younger voters and this has been distributed to youth-oriented organisations.

But the council admits that structured youth organisations may not be the best conduit for getting the message across, especially to the alienated and isolated unemployed.

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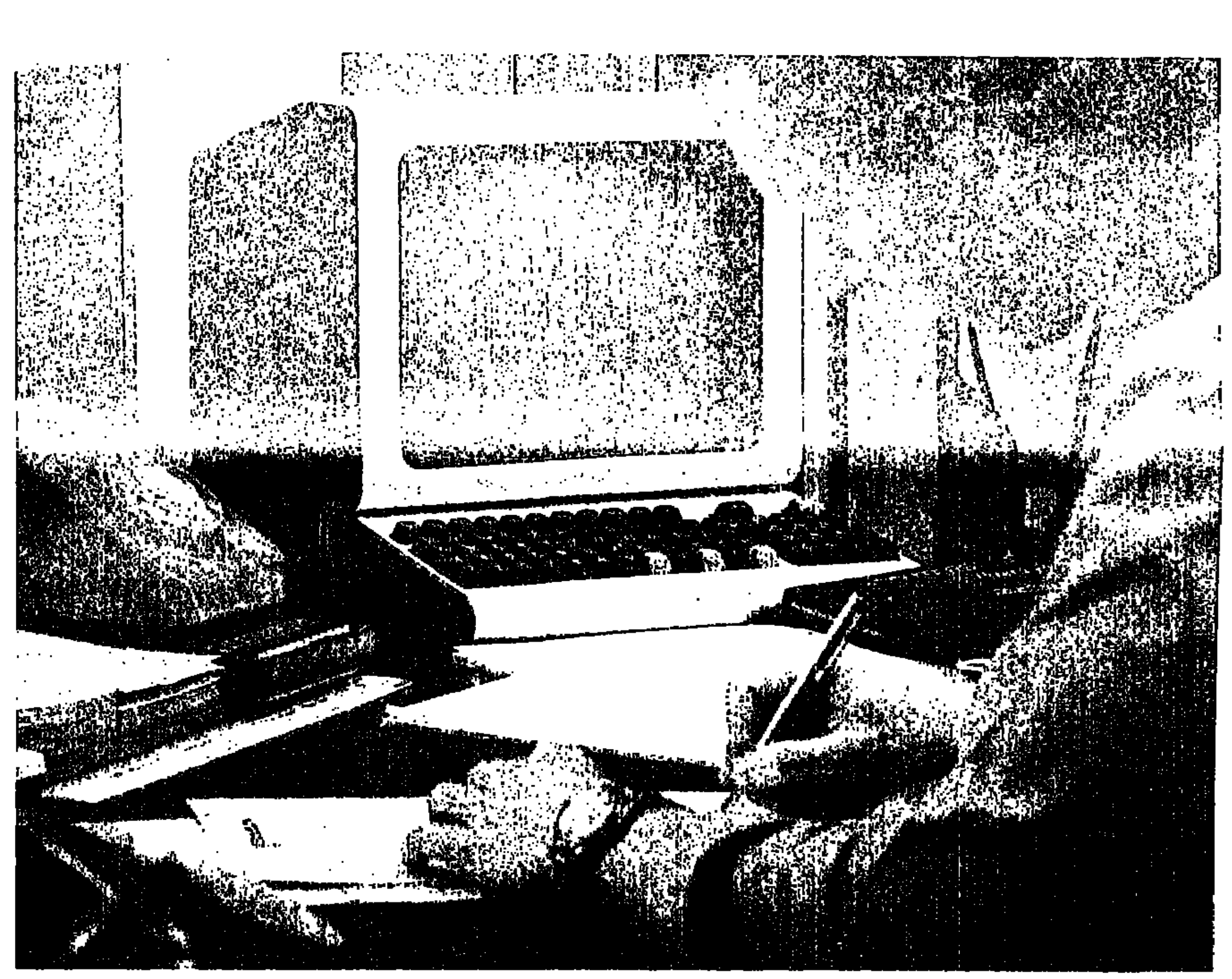

Values picks up on Taranaki local misgivings

by Richard Fletcher

THE Values Party is alive, well and ready to fight another day. So say the leaders of a party which over the past couple of years has had its fair share of dramatic splits over ideology and direction, even over whether Values should contest general elections in the future.

One of the party's three joint leaders and the Values candidate for New Plymouth, Janet Roborgh, told NBR the party was again on the up.

Factional disputes had led to walkouts by members, though Roborgh asserted present Values membership was dedicated and improving, especially in areas of strong support in the past.

Can Values build on this base, come out of the 1981 election on top and perhaps return the highs of support it reached in 1975 when it displaced Social Credit as the third party in many electorates?

That must have been the question in the back of many candidates' minds when they met in New Plymouth to open their campaign.

It is clear that Values sees fighting an election campaign as an important forum for getting its ideas across.

The party has television and radio time allocated by the BCNZ and in the past couple of weeks has released a loose-leaf "manifesto". The folder contains a series of papers on "critical questions", plus the 1978 manifesto labelled "recycled 1981".

Values President Chris Patterson said that many of the issues in 1978 are still there with the "recycling" highlighting the point.

Critical questions revamped into particular papers include energy, the economy, land use, foreign policy, race relations, open government and women.

Values is fielding 16 candidates in all, mainly in the North Island. Party officials claim new members are being signed up, especially in Taranaki where the taking-up of good agricultural land for energy projects and the philosophy behind the projects themselves continue to be issues.

Janet Roborgh . . . vocal, local

by Susette Goldsmith

IF the Values Party has seemed exceptionally vocal on the issue of the proposed Motunui petrochemical plant on the Taranaki coast, it is probably not surprising.

Party co-leader Janet Roborgh for a number of years has been an active protector of the Taranaki environment. She lives in nearby New Plymouth. Peter Winter, chairman of the Taranaki branch, farms a property on the very road designated for the plant's 156-hectare site.

But there is much more involved than the obvious personal stake in the area, as Roborgh hastens to point out. She sees the proposal as "the complete antithesis of Values Party philosophy."

She claims lack of information available to the public, the misuse of resources inherent in the process and the resulting concentration of employment opportunities and energy resources have sent a collective shudder through Values Party supporters and sympathisers alike.

Basically, the Values Party argues that the Mobil process is inefficient (converting gas to CNG would be a more viable option), expensive (the plant was estimated in January to cost $750 million and has risen to this month's predicted price of over a billion dollars), potentially polluting and stifling of other options, temporary (the plant's life is 30 years) and merely a transfer of the country's dependence from one overseas source (the Arab oil states) to another (Mobil and the United States).

Where will the large number of construction workers (up to 1800 men) for the giant plant be housed when New Plymouth already has a housing shortage?

Will existing social services in Taranaki be able to cope with the demands placed on them by the Mobil plant and associated industries which are inevitable? — a warning first issued by the Commission for the Environment. Will the plant provide much-needed employment for the area or will imported expertise be required?

While two of the province's members of Parliament, Venn Young (Waitotara) and David Thomson (Taranaki) seem sure of re-election, the situation in the New Plymouth electorate is less certain.

In the last election, the seat was held by National's Tony Friedlander by a slender 112 majority — making it the country's second most marginal seat.

Dennis Duggan is the Labour Party's candidate again and a recent survey shows that locals believe that, despite the popularity increase nationally for Social Credit, in New Plymouth it will remain a National-Labour tussle.

For the Values Party, the situation is perfect for reclaiming some of the political status the party has lost at the expanse of Social Credit's rise to the top rank. Roborgh, who is candidate for the New Plymouth electorate (which has the second highest Values membership in the country), is convinced that her party has some political clout locally.

While she has no illusions about its ability to oust both Labour and National from the voting arena, she claims Values policies and the 476 votes gleaned at the last election can be influential nonetheless.

In a marginal seat such as New Plymouth, a Values candidate can force the other parties to come out into the open on certain issues by making uncompromising statements. "That is certainly exercising political power."

The symbolic drama of salvation

Figure 1: The typical symbolism of growth in a 1969 National Party pamphlet.

by Les Cleveland

THE inability of New Zealanders as a nation to cultivate a prudent, collective wisdom is only exceeded by their propensity for indulgence in utopian dreams for a secure prosperity embodied in innumerable programmes for economic growth.

These are symbolised in election campaign literature by columns of production statistics, supported by images of machines delving and grinding, people marching in and out of factory gates, well-filled pastures, busy ports and happy families enjoying the fruits of life (see Figure 1.)

The National Party's current pamphlet, *Give New Zealand the Strength to Grow*, captures the mythology of the industrial revolution and the frantic 19th century belief in progress to which we still innocently subscribe in frontier New Zealand. Its key symbols are an oil-drilling rig braced against the Taranaki sky and the onrush of a crested, deep-sea wave.

Its message is that power is an elemental, natural force which the National Party alone knows how to transform for the benefit of the happy family seen lolling contentedly among the burgeoning orchards of fruitful growth and prosperity. It is a repeat of the party's 1978 dream which proposed that economic miracles could be wrought out of "earth, fire and water".

Labour's vision of power, for once, is rather different. One of its pamphlets is titled *Let's Make New Zealand the Great Place to be in the Eighties*.

It carries an integratory imperative in the sub-title "We Can Do it Together" and it pledges the party to "policies of growth, full employment and the provision of social services to meet the basic needs of all New Zealanders."

It's concept of power is not so reliant on the grandiose exploitation of natural resources as on the force and energy of the people themselves, with their output being used for immediate needs rather than for remote objectives.

But the party so far has been unable to devise a symbol system that will dramatise this laudable idea with the determination and vigour it needs. Its presentation seems optimistically reliant on the kind of liberal common sense and intelligence that has been overtaken by the nasty events of the 1980s and may have disappeared forever from our politics (see Figure 2).

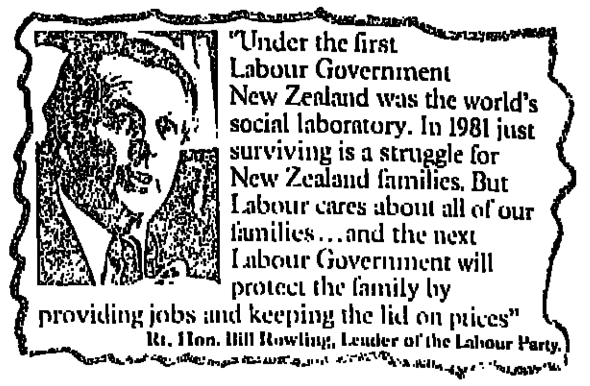

Figure 2: From a 1981 Labour pamphlet. The family as a symbol of a society, integrated to deal with its various ills.

The symbolism of Social Credit derives largely from its possession of the sacred tablets of monetary reform which only its priests and inner disciples can understand.

Its mysteries are expounded in numerous pamphlets, but for those who need more digestible doctrine there is a testament entitled *What We Stand For* that sets out 37 articles of faith. The League's vision of Utopia is summarised in the slogan "a property owning democracy" which will satisfy the aspirations of "a nation of self-employed, owner-operators, co-operative ventures and worker shareholders" (see Figure 3).

This novel scale of thought is about us far away from National's "think-big" exhortations as it is possible to travel, but this may not be entirely accidental. An obvious advantage of the Government's Utopian, pie-in-the-sky approach to electioneering is that it draws attention away from analysis of its actual, disastrous performance.

Another traditional method of diversion involves the use of scapegoats.

Apart from blaming each other, the parties often resort to the "Foreign Peril" and the "Enemy Within" as a source of fear and an explanation for whatever has gone wrong (see Figure 4).

The "Enemy Within", like the medieval Devil, assumes many cunning forms. In the New Zealand experience this includes criminals, gangs and any kind of social deviant, subversive and dangerous intellectuals, irresponsible economists and other experts who dare to speak out of turn, scheming journalists who distort things, radicals, pointy heads, creeping socialists, Reds under the bed and militant trade unions.

The Social Credit Political League has inherited from the anguished 1930s a particularly potent devil in the shape of the money system which symbolically manifests itself in the conspiracies of the international (and Jewish?) financiers, at the same time as it preys upon us through the agency of the usurious local banks (and other lending agencies).

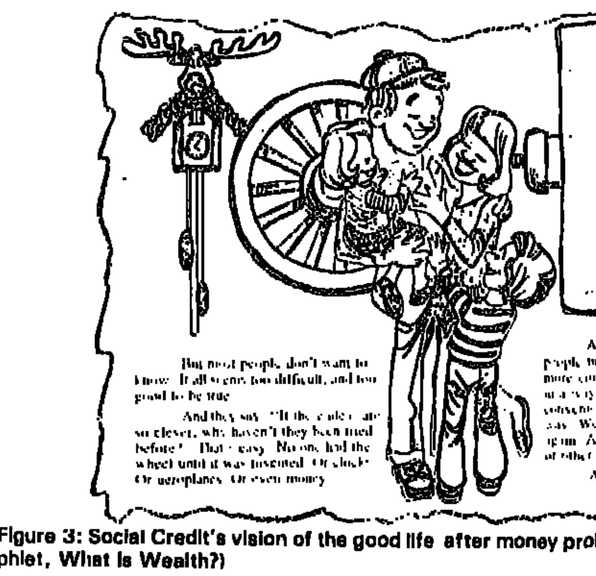

Figure 3: Social Credit's vision of the good life after money problems have been fixed. (1981 pamphlet, What is Wealth?)

As a comprehensive explanation for what is wrong, this analysis has almost unlimited scope, depending on the credulity and desperation of the electorate (one of the questions to be decided in the 1981 watershed).

The "Enemy Within" supplies us with specific people to blame for whatever has been happening, with the implication that by exposing, punishing, suppressing, or intimidating them, we can imagine some improvement in our future prospects.

Much of the legislative output of parliaments is based on this foolish premise, but at election times it has the special advantage of distracting us from problems like inflation and unemployment that a governing party might not want to talk about. It provides us with all the pleasures of a wild goose chase, culminating in a masterly demonstration of the fear/reassurance mechanism.

Thus the Springbok tour has been a splendid symbolic diversion for a government beset by economic disorders it cannot control. It had the special attraction of enabling some of the anger and frustration of large crowds of citizens (as well as the passions of the police themselves) to be discharged at dissident targets in the front rows of protest.

This aggressive use of police coercive power then received a symbolic blessing in the interests of law and order, while some of the people most responsible for precipitating us into these riotous circumstances (the Prime Minister and his Cabinet) could triumph as righteous defenders of constitutional virtue.

Symbolically, the tour showed us for what most of us are — a confused and anxious mob, slugging it out in the streets, waiting for a Messiah to inspire us with simple solutions to difficult problems, eagerly directing our hostility towards any targets that present themselves, receptive to promises of good times if only we have enough faith and trust in the leader.

This drama of salvation is an amusing addition to the dreary soap operas of New Zealand television, but it contains the disturbing thought that perhaps the worst enemies that New Zealand has to overcome are all the time located in our own disordered minds.

Les Cleveland is a lecturer in political studies at Victoria University of Wellington

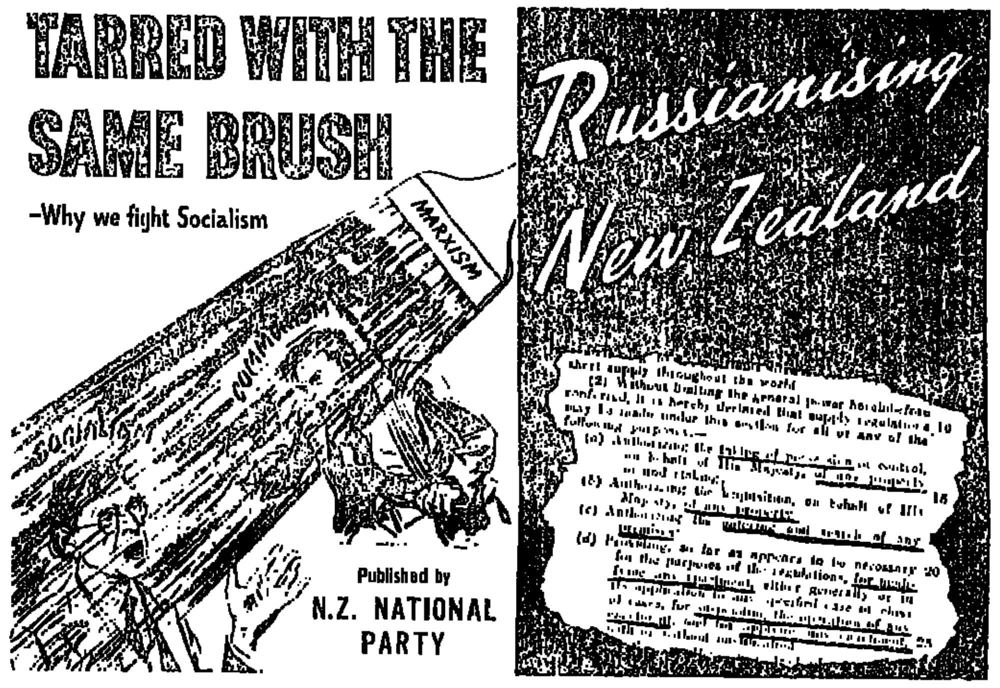

Figure 4: The Foreign Peril and the Enemy Within. Left: a National Party 1946 pamphlet which lumped wreckers, agitators, socialists and communists together as bedfellows of the Labour Government. Right: in 1949 National alleged that Labour's "socialist planners" were trying to make New Zealand into a totalitarian state.

Rangitikei: Nats No 2 and really trying harder . . . with aim of decapitating the Socred menace

From Page 37

But as it approached the general election later that year it took comfort from the fact that the electorate had been redrawn to bring in a large chunk of territory — nearly half the new electorate, centred on Feilding — where the Beetham influence had not been felt before and Social Credit was weak.

National also thought general elections were different from by-elections and the protesters would come back to the fold, having made their point. For measure, the candidate was a senior and respected Cabinet Minister, Les Gandar.

Social Credit put heavy emphasis on Feilding. Gandar was aloof, too liberal and a member of an unpopular Government. Labour put up a hopeless candidate which made Beetham look all the more attractive to anti-National Labour sympathisers.

And Beetham was still a shiny new toy. Whizzbang, he shot back into Parliament with the sort of margin that usually makes a seat safe.

National morale was shattered. But somehow that margin has never looked "safe". What goes up fast can come down fast. About the middle of last year National morale began rebuilding.

New, with the thrill of a hunt pumping the adrenalin and the chance of a glittering prize before them, there is a shine back in the dulled eyes. The uniqueness of the Rangitikei fight allows a greater freedom of commitment to Nationalists.

In some electorates they may be held back in their commitment (against Labour) by an uncertainty about candidate or leader or policies. In Rangitikei they can serve a higher purpose: the preservation of the two-party system.

Beetham is an interloper. Without him, National could go back to the simple game of beating Labour. As long as he is around, National has to fight on two fronts.

So, removing him in Rangitikei takes on a greater importance than just another National win in another seat. Without Beetham, so the argument goes, Social Credit would be a headless chicken, not capable of sustaining in the longer-term any advance it might make elsewhere this election.

Any short-term quibbles Nationalists in Rangitikei have can be submerged in the greater aim of long-term shoring up of National's electoral health.

So there was a garden party where the local organisation hoped for 500 or so and 1100 turned up.

So the local committees changed from moribund gentlemen's clubs where a quorum was touch-and-go to bustling hives. The electorate annual meeting which was doing well to attract 50 or 60 got more than 100. So $80,000-odd has been raised and mostly spent for the campaign.

One experienced campaigner from outside the electorate reckons it the best electorate organisation National has ever put together.

And a changed one. Once upon a time, Rangitikei had the luxury of selecting the farmer who would make a good Cabinet minister. Norman Shelton, who made it to No 3 in the Cabinet before his retirement in 1972 was the last of the breed.

At selection last year, the party went not for the able and respected farmer with the Wanganui Collegiate background, university degree and charming manner — Nick Tripe — but for an unknown ex-cop and burger bar operator from Taihape, Paul Bardwell.

The rationale: Tripe would make a good MP, but would not be as good as Bardwell at winning votes off Beetham's smile. Tripe would be too much the gentleman and too much the farmer for an electorate which had already proved itself susceptible to a smile and was 80 per cent small town.

Bardwell, they thought, would be good on the doorstep and the only way to beat Beetham and his hordes of zealous supporters was on the doorstep.

Bardwell, according to plan, has tramped the streets and the district roads putting a friendly face on National.

Does this count? Probably not much in a positive sense. But it at least shows Bardwell is not an aloof farmer like Gandar, above the *hoi polloi*. So maybe some who voted Beetham in antipathy to Gandar will be less impelled to do so this time.

It may also help to counter a less-than-impressive stage performance. Bardwell is the least skilful orator of the four candidates.

Is that important? Maybe. A combined meeting in Feilding a few weeks ago of all the candidates has had a lot of word-of-mouth flow-on publicity. And the influence of workmates and neighbours can be substantial in forming voting decisions.

Even Nationalists acknowledge that Bardwell did poorly at that meeting.

Paul Bardwell . . . strong challenge.

Bardwell's campaign, however, has not been entirely earthbound. At the Fielding Jaycees' market day in October, livewire campaign chairman Nelson Speirs (of the Speirs who once owned MSD Speirs) brought in a helicopter to distribute leaflets.

A spectacular idea — but not entirely hitchless. According to one independent observer, a lot of the leaflets landed in the swimming pool, and some hurried fishing was necessary to stop the filter being clogged up.

And a Social Crediter won the only random prize claimed (the leaflets were numbered).

But it stole a march on the Socreds who had numbered balloons. Balloons are cheaper than helicopters and Socreds already pipped at the lavish spending of the Nats wondered how the Nats were keeping within their $4000 legal limit of campaign spending.

Beetham, in fact, reminded Bardwell of the limit as the helicopter hovered overhead.

This incident has become rather folkloric.

Socreds say Beetham merely touched Bardwell on the elbow and made his comment about the spending limit in a light-hearted, jocular fashion.

However, Beetham's "humour" can have a sharp edge to it.

From their side of the curtain, Nationalists saw Beetham grip Bardwell tightly by the arm, gesticulate to the helicopter and hiss that Social Credit was watching him to make sure he kept within the limit.

In other words, Nationalists saw, so they thought (or at least say they thought), an example of Beetham's reputed short fuse.

They cite other examples.

Early this year, when Labour Minister Jim Bolger was invited to open the Taihape show, Beetham declared the show committee was a bunch of Tory lackeys.

More recently, he tore a strip off a woman (who has the same surname as one of the most prominent National activists in Taihape) for arranging with the other candidates a combined meeting under the auspices of the local branch of the National Council of Women without seeing first whether he was free. (He wasn't. It was rescheduled.)

The NCW version is that the local branch was contacted and it thought the branch had cleared the date.

So legends grow. Where the truth lies is less important than the indication of the keenness, the edginess of a battle where a lot more is at stake than one seat more or less to each party.

If National can get it spread around and accepted that Beetham can be gratuitously rude or short-fused, it might rub some of the glamour off the television smile.

In other words, while the rest of the country might still be responding to the national Beetham — the Beetham most of Rangitikei was responding to in 1978 — Nationalists might hope that Rangitikei voters are responding this time to a local, less beautiful Beetham.

There is also room for opponents to hope that the more local voters see of him in action, the more they might get past the smile and on to the words. Beetham can be loquacious and circuitously non-committal (not surprisingly, given the catholic nature of his vote) — and if people start really listening to what he is saying, they might not be impressed with what they hear.

On the other side of that ledger, however, is Beetham's ability to project reason, sincerity and thoughtfulness. At his best, he is impressively undogmatic.

Independent observers do not see any widespread disenchantment with Beetham. What there is seems to be more in the nature of the grumbles that attend any MP who wins some and loses some (one being the rebuilding of the Taihape school, for which Bardwell is getting the kudos).

So are there dramatic enough local variations to put Bardwell in?

Marton is Beetham territory. He won the town in 1975. He lives there. There are not much pickings for National there.

Feilding, however, might be a different story. It has about one-third of the votes and Beetham came later there so support might not be so solid.

National thinks, therefore, that it is the key. Who holds Feilding holds Rangitikei, they say.

If so, National has an ally: the bouncy, charming, 23-year-old Labour candidate Mark O'Connor. If he builds up the disastrously low Labour vote (7.4 per cent in the electorate as a whole, 8.8 per cent in Feilding), that will be mostly at Beetham's expense.

By general agreement O'Connor, who somehow manages to combine intelligence with old-style oratory and unrancorous good humour, "won" the Feilding combined meeting.

And he has been around a lot. After failing to get nomination for his home-town safe Labour seat of Napier, O'Connor has been fulltime in Rangitikei for most of this year — with a fulltime helper. This is extraordinary in a seat where at best Labour can come a good third.

There has thus been a Labour presence. This time round there is less temptation for Labourites to tell their followers to vote Beetham to get National out and more scope for faith in their own party.

That may mean some votes. But still the main motivation will probably be anti-National rather than pro-Labour — which favours Beetham.

And O'Connor's impact has been limited outside Feilding.

So, if National is to win the seat, it has to do most of the work itself. Thus nearly all the Cabinet will speak there during the campaign. National has high hopes of winning the countryside where farmers have fewer gripes than in 1978.

But the countryside has only a fraction of the votes; Social Credit appears to be holding amongst the more marginal and thus still hard-pressed farmers; and Beetham has been getting some good attendances at meetings in the older part of the electorate to the west (while not doing so well in the newer eastern part of the electorate).

National also has hopes in Taihape where Bardwell was by all accounts a popular senior sergeant of police and may command a personal following, even among probationers he dealt with.

Social Credit argues that it is holding in Taihape and can point, for instance, to most of the small retail businesses as supporters.

One other factor may play a part in National's favour. In 1978 the anti-abortion vote went Beetham's way in antipathy to liberal Labour, National and Values candidates.

This year both Bardwell and O'Connor are anti-abortion Catholic candidates, which may deprive Beetham of some single-issue anti-abortion votes because they no longer have that reason to outweigh other loyalties. In Catholic Taihape that may be important.

Election Watch has eschewed predictions. But in Rangitikei's case, it is fair to say the balance still lies with Beetham, though he may get some unpleasant shocks.

As a small sideline, the electorate will also be worth watching for the performance of Denis Hocking, a biochemist turned farmer, standing — or rather, riding his now-famous bicycle — for Values for the third time.

Hocking is one of the more presentable of the 16 Values candidates. Even so, he may shed some votes to a better-than-1978 Labour candidate. If he doesn't, it will say something for his apparently high acceptability in the electorate.

Three's company in this microcosm of election

by Colin James

THE central west of the North Island is in some ways a microcosm of the election.

New Plymouth is a marginal seat between Labour and National, Social Credit playing a subsidiary part — and Values a secondary subsidiary part, perhaps as a siphon from National.

Rangitikei is one of the two seats where Social Credit is on top and National is tilting, with some force and high hopes, to win back a lost sheep.

Wanganui is one of the few seats where Labour is on top — and where the Social Credit advance has been more at National's expense than Labour's.

Two safe-Labour Maori seats put Social Credit second in 1978. Safe-Labour Christchurch Central put Social Credit second in the 1979 by-election.

Will other safe-Labour seats put National third this time?

More mainstream are Waitotara (surrounding Wanganui) and Taranaki (surrounding New Plymouth), where Social Credit pushed Labour into third place.

Social Credit has high hopes of winning both seats, but more realistically Taranaki.

In Waitotara the Marginal Lands Board affair may have some lingering effect on the vote for Venn Young, one of the two ministers at the heart of the affair.

On one of his roadside posters, for instance, the word "unwise" has been daubed beside his name — recalling the description of him by the commission of inquiry. Still, he is likely to fare a bit better (if at all) than his counterpart, Duncan MacIntyre.

Across the border, however, there have been internal ructions in the National Party over David Thomson's decision to stay on. Some think he should have moved on to make way for a younger candidate, more identified with the modern party.

His continued presence, they argue, makes National more vulnerable to Social Credit raiding. Social Credit agrees.

A factor in Social Credit's favour is that a large chunk of the electorate is now on the fringes of New Plymouth and may contain collapsible Labour votes.

And a strong Social Credit conservationist stand over the Motunui synthetic petrol plant may help that collapse by painting Social Credit as the opposing party most likely to have an effect against National.

(Though that is a moot point: Values has led the fight against the synthetic petrol plant and Labour has taken a sceptical view, too.)

For National are the signs of an uplift in the economy of New Plymouth and continued relative affluence in the Taranaki countryside. Some of the New Plymouth votes in the electorate are retired farmers grown fat on inflated land values.

The odds are against a big enough Social Credit swing to win the seat. But they are also on a pretty big fright for Thomson. And, if there were to be a by-election there in the next three years, it could follow Rangitikei.

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The young unemployed may be getting their own message, anyway. A group of young unemployed people in Wellington told *NBR* that — while admittedly not representative of all unemployed youth — they were happy enough not having a job, though they believed others were frustrated at being knocked back when they applied for jobs.

They all had reservations about voting at all, not trusting any politicians.

Whether that group is typical of the "youth voter" is debatable, though Malcolm Menzies of the National Youth Council, said there was a strong neutral or negative feeling about politics and politicians.

"Young people respect honesty. Older people accept what happens," he said, though he saw one specific section of the election where young voters could have considerable impact.

Young voters' support could make the difference for Mana Motuhake in the Maori electorates, for young Maoris appeared to identify with the new party more than their elders.

Another youth worker told *NBR* of the rise of a "moral majority" among those who had jobs or, because of university or other tertiary training, had relatively secure prospects. This might account for the expressed levels of National and Social Credit support among the young, as discerned by the pollsters.

She also noted that among those who had jobs there was a strong anti-union feeling. With young people looking for an answer and not finding it through politics, some have turned to charismatic religious movements, the spiritual rather than the political answer.

Such manifestations of conservatism as shown by the turning to religion might explain the large potential support for Social Credit, a party traditionally appealing to established "family" values.

Such trends raise a question mark whether Labour can, as it did in 1978, pick up a good proportion of the at-present uncommitted vote.

Whether Labour does repeat its 1978 success in this area will depend on how conservative the majority of younger voters (as compared with younger non-voters) has become in the interim and how strong the attraction is for Social Credit, the untried and perhaps untainted alternative.

The build-it-yourself computer — the integration case

by Frank Ollie

IBM has unveiled its first offering in the low-cost computer market — the IBM Personal Computer. The unit demonstrates just how fashionable integration (in contrast to manufacturing) has become in the computer industry.

The microprocessor, disc drives, screen printer and the operating system are all "buy-ins". IBM contributes the packaging, some minimal electronics, and the marketing.

Any company planning to enter the highly competitive and rapidly changing market for low-cost computing would have to be cognisant of IBM and other manufacturers' decision not to design from "the ground up" but to optimise use of existing hardware and software.

The war for domination in the low-cost microcomputer marketplace will be won in the field through strong distribution, selling and service. It will not be won on the designer's bench. After all, who needs a new computer design for which little or no software exists?

New Zealanders are probably the world's biggest users, *per capita*, of these small computer systems.

But extensive use of these small systems has not necessarily been to the user's benefit. Small or micro-computers have many disadvantages. In almost all cases they are lacking in disc and memory capacity, can't or won't support printers suitable for our printing requirements, and don't have a multi-terminal capability or for that matter any upward expansion to think of.

New Zealand — like other parts of the world apparently — is attracted to the small computer because of its price and its approachability.

In most cases the small computer is capable of all the computing its owner may require but the system's peripherals and its available upward growth path always lets us down.

Our priorities, therefore, must be viewed differently from those in Japan, Europe or the United States.

To our users the ability to support professional quantity peripherals and to be able to see a clearly defined upward growth path is much more important than how low the entry price for a "home" computer is or how powerful a processor the latest super-mini has.

David Reid regards its Q-Series product as a necessary bridge between the micros and the super-minis.

By the latest IBM definition, David Reid Data Products has become a computer "manufacturer".

Through local integration substantial reduction can be made in the landed cost of fully made-up computers. Jobs are created in New Zealand for the production of the cabinets, power supplies and, of course, the advertising and promotional material given out so freely in this business.

The New Zealand Government should encourage a computer industry — not through protection but by recognition of local effort through the reduction of sales tax, as has been done with locally produced software.

We may land the parts for a computer system at a level substantially below that of a completed product but we still pay the same sales tax (and in some cases an effective rate that is considerably more) than the fully imported product.

If this sales tax were changed to a duty (charged at the time of importation) or as in the case of locally produced software sales tax was levied only on the imported content, a local industry would flourish, and the end user would have to benefit.

Frank Ollie is managing director of David Reid Data Products Ltd.

IN this issue, we continue to explore some of the options for growth out of the traditional microcomputer market. For Frank Ollie the solution, particularly for the local computer supplier, lies in integration — bringing together components from various suppliers to build a "minicomputer-scale" system.

Reliable and inexpensive components can be imported and melded with local content in software, hardware (where appropriate) and cabinetry, to build a tailor-made system offering the minimum of change to the user whose computing needs have outgrown the single-supplier microcomputer solution.

Another solution, already discussed, is to link several microcomputers together, forming a network (NBR, September 14).

But the classic microcomputer suppliers have not been idle in meeting rivalry from integrators and networks; they are growing their own "micro" systems which promise mainframe power with complete compatibility from the same single source.

One common factor which seems to be emerging from these various strategies is the importance of the operating system — the layer of software between the machine and the user programs.

The need for a compatible environment applicable to micro, mini and mainframe-scale equipment is putting the spotlight increasingly on the Unix operating system, developed by Bell Laboratories, as a possible future standard.

Plumbing a potential specialist market

SMALL computers for management have been credited with removing the blocks to information flow, but it's less usual to see one that helps unblock drains and pipes.

The Jade-1 software package, developed by Auckland consultant Computer Intelligence Applications, is an interesting example of the trend to aim small business software at narrow specialist markets.

The package is directed at the plumbing and contracting industry. It was originally developed for plumbers M Cockburn & Co and a related company, Drain Unblockers Ltd, which claims to be the first local firm to specialise in this task.

Cockburn had bought a National Panasonic JD-840 microcomputer, but found that the standard invoicing and debtors programs were not suited to plumbers and contractors.

Their business requires careful estimates of time, labour and materials costs for a quotation and subsequent matching of this estimate against actual costs.

Jade-1 keeps a record of these expenditure items.

Not only does this make invoicing easier and more accurate, the consultancy claims, but it also allows the business to analyse its performance and even tell which employees have been most productive.

The invoicing process starts in "real time"; the initial information is entered on the computer as the job is being discussed on the telephone.

The system has been designed for ease of use, being driven by the information actually entered on the screen rather than by entering choices of transaction on separate menu screens, says the consultancy's managing director, Barry Sexton.

"The operator can add or delete a customer, make an enquiry, check on a job — it's all shown on the screen."

Other plumbers are already interested in using Cockburn's installation on a bureau basis, and Sexton is planning to write a version of the package to run under the CP/M operating system, making it usable on a wide range of microcomputers.

So, if your pipes are begreened with verdigrass, you could be dealing with Jade, even before your plumber sees the colour of your money.

And, if you find your water gate blocked, call in the plumbers with CIA (Computer Intelligence Applications) backing.

In the picture above, Sexton watches invoices effortlessly generated by Cockburn's Panasonic/Jade-1 combination.

Zilog prepares micro-chip entry into mainframe stakes

MICROPROCESSOR manufacturer Zilog's most recent entry into the larger computer world has hit the local market.

But already, Zilog is readying the next step in the form of a micro-chip which will take the existing machine up into the mainframe computer stakes.

Local Zilog agent, the Microcomputer Electronic Company, has already quoted the Zilog System 8000 in a few proposals, and the machine, which rivals Digital Equipment's powerful 11/70 minicomputer, may have its first local customer even before it officially goes on show to the public.

Presentations originally planned in the next few weeks could be held off until after the election and Christmas ballyhoo, and not reach a wide audience until early next year.

The System 8000 is based on Zilog's latest generation micro-chip, the Z-8000, and an operating system founded on the increasingly popular Unix. It is claimed to be able to support 16 users working concurrently from terminals, and is shortly to be upgraded to support twice that number.

Memory and disc storage capability also show Zilog getting a little beyond the "micro" designation; the system supports four million bytes of random access memory and four 24-Mbyte "Winchester"-type disc units. Disc capability is also to be upgraded to four 80-Mbyte units by mid-1982.

The only small thing about the system is its physical size; it sits inside a box 84cm high, 48 wide and 61 deep.

The big development is due in a year to 18 months' time. Zilog and collaborator AMD are planning the successor to the 8000, a chip logically known as the 80,000.

This will have incorporated in it such large-computer features as fast "cache" memory and instruction "look-ahead", allowing the processor to fetch data and instructions in advance, concurrently with the execution of previous program steps.

The new chip will also have the 32-bit word characteristic of the larger minicomputers.

But the biggest attraction of the Z-80,000 is its compatibility with the framework of the System 8000. Simply by slotting in Z-80,000 chips in place of the 8000 model, the power of the system will be raised to a mainframe computer scale, level with that of the IBM 370/168, claims an MEC spokesman.

All the software written for the original System 8000 will be operable virtually unchanged.

The successive addition of power (and zeros) to the Zilog systems gives the business micro user a logical migration path upwards to processors able to cater for expanding needs.

A consistent software environment for the user's programs is provided in the Zilog case by the Zeus operating system, a modification of Bell Laboratories' Unix, now being implemented on a wide range of computer systems.

Unix has been praised for the simplicity and consistency of its organisation and command language, making it particularly amenable to use by non-DP oriented staff, while at the same time offering advanced facilities to those used to more complex operating systems.

In devising Zeus, Zilog remedied what it saw as shortcomings in the protective routines of Unix. "In . . . Unix, there is nothing to prevent two users from simultaneously modifying a file, resulting in one user invalidating the other's changes."

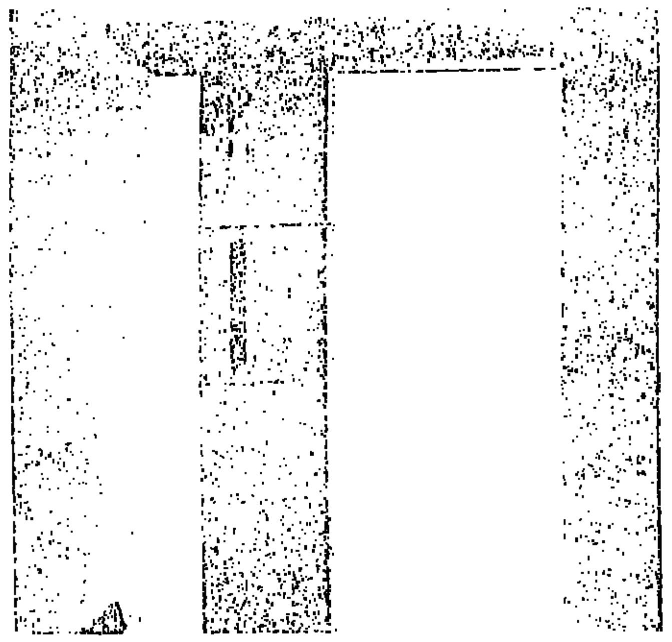
Zilog has also added a text editor, useful for word processing, electronic mail and other office automation functions.

Software scheduled for release next year will link the Z-8000 and potentially the 80,000, into Zilog's Z-net local area network discipline, based on the most widely adopted of high-speed office network standards, Ethernet.

Zilog's parent, the Exxon Corporation was at one time planning to make it big in office automation, and to that end picked up a wide variety of subsidiary companies in areas ranging from word processing to voice recognition.

It has now begun to shed some of these interests and seems to be pulling in its horns a little. But Zilog remains under the Exxon Information Systems umbrella.

The local Zilog agent sees the System 8000 and the promised 80,000 not only as a micro upgrade and a potential office machine, but also as an aid in relieving an organisation's main computer of program development work.



An inexpensive System 8000 (local price is around $55,000), could be used to develop program code, which could then be transmitted direct over a communications link into the main machine for testing, suggested MEC spokesman Doug Marker.

This would relieve the pressure on both disc storage space and processing capacity, which makes production users, trying to push through the organisation's day-to-day work, curse the program developer.

IBM hardware moves raise long-term questions

THE latest moves in the IBM hardware stakes raise some interesting questions as to the American giant's plans for its middle-mainframe range and its long-term intentions for geting out of the 370 bind without compromising user software investment.

For the time being, it appears, the 3081 (H series) machines will be concentrating on the top end, with a raw processing power of 10 million instructions per second and above — the area where the Japanese threat is coming.

At the lower end of the mainframe scale — working up to about 1.2 mips — is the still comparatively novel 4300 (or E) series. But in between is that gap, which continues to be handled by shoring up the four-year-old 3033, in its multiplicity of forms.

The original 3030 series was branded a "stop-gap" machine since its birth; first the E, then the H series, was expected to supersede it with a new architecture.

Now we have vague rumours of a GL series to come; it seems about the right place in the dictionary to fill the E - H gap, but further details of what to expect from the next series are — as always — conspicuously lacking.

The hopes are always there that the latest IBM release will be the radical break with 370 architecture, and now there seems hope that with the "Extended Architecture" it is at last beginning to ease out of the mould.

The long tradition of a 24-bit address for virtual memory space has been abandoned in favour of the curious 31-bit length.

The thrust of this change is directed at the very large user at present, and would seem less than relevant to the local market where IBM has not yet found a user with sufficient processing requirement to take on even the initial 3081 design.

But IBM confidently predicts a local need for the 3081 and for the two billion-plus bytes of virtual memory handled by the Extended Architecture.

The Extended Architecture option is available on either of the 3081 machines, and can operate in conjunction with programs developed for the old 24-bit 370 architecture. In this way customers will not lose their large investment in existing programs.

User software investment has been the major factor tying computer manufacturers down to their existing architectures and perhaps retarding some of the revolutionary moves they would make if given a free hand.

Extended Architecture is IBM's first hint of an escape from this bond.

It is interesting to stack up the emerging IBM capability to handle large storage against the move — so far expressed only on the small System/38 machine — to abolish the distinction between immediate memory and external disc storage.

While a medium-scale installation would not use two billion bytes of *internal* memory, it might easily use that amount of disc. One is bound to wonder whether IBM is working slowly towards "single-level storage" on future large machines.

Both 3081s have had their data input/output capabilities boosted, by farming them out to a separate microprocessor, which manages the routing of data through the I/O channels between disc and main processor.

Any channel can now communicate with either of the two processors in the 3081 system, rather than being dedicated to one.

The 3880 disc controller, responsible for passing data between disc and main memory, has been greatly improved in efficiency with the addition of huge "cache" memory modules.

When data is first fetched from the disc a large amount of adjacent data is fetched at the same time into the electronic cache memory.

Subsequent accesses stand a chance of finding the data they want already in the cache, and can retrieve it at electronic speed without the mechanical delays of fetching it from disc.

One of the new 3880 models is designed explicitly for the management of virtual memory, and the other for the reading and writing of ordinary file data.

The insertion of the cache memory goes some way towards explaining why there was so much empty space in the original 3880 cabinets.

Fast transmission of data between external storage and immediate memory would be a prerequisite for any scheme which aimed to treat the two types of storage as one.

It has long been rumoured that the 3880 device will eventually become a "database processor", allowing the central processor to request an item of data in direct database command format.

All the work involved in finding the actual location of the data item, on disc or in memory, will be done by the processor in the 3880. A similar direct database management scheme is implemented on the System/38.

IBM personnel as high as president John Opel have repeatedly dropped hints that certain features of the System 38 might represent its intentions for the future.

IBM may not itself have decided firmly yet — the 360/67 experiment in virtual memory was an exception for a long time before IBM finally committed itself to virtual memory for the 370 series.

But lengthening of the address as the first move away from 370 architecture, and the speeding of external/internal memory transfer, is surely suggestive of a trend of thinking within IBM to such a novel treatment of storage.

The new 3081 could be seen not so much as a speeding-up of the original processor as a removal of the brakes. The 3081 Model K offers 1.3 to 1.4 times the performance of the original 3081, now known as the Model D.

The speed-up has been implemented by combining the high intrinsic speed of the original 3081 with sophisticated process "overlapping" procedures already implemented in the 3033.

For the user of the smallest 3033 model, the 3033S, IBM has produced a free engineering change, claimed to give an 8-10 per cent performance improvement. Upgrade of the machine to larger 3033 models has also been eased.

A minor feature of the announcements, but one with potential for distributed processing networks, is the ability to operate 4300 processors from a remote location without operator attendance at the outlying site.

Versatile terminal with split-screen capability

AWARENESS of the computer terminal as a capable tool for business information shows in the latest from Data General.

The Dasher D400 and 450 models recognise the business person's need to keep several "documents" in sight at the same time for comparison purposes and to have information presented in readily appreciable formats, including graphics.

The terminal screens can be divided into as many as 24 separate "windows", with the information in each able to be independently "scrolled" vertically or horizontally. This allows long lines and documents of many lines to be read in the comparatively small window.

Width of the screen is the normal 80 characters, or 135 characters in a special compressed character format; but the screen, or any window, can accomodate as many as 162 characters by horizontal scrolling.

The potential for ready visual comparison of data on two different reports is clear. On a simpler level, the "windowing" scheme could be used, for example, to hold the headings of a long columnar report steady while the figures are scrolled upwards.

A third window could at the same time display a "menu", allowing the user to see what other information is available for examination and select the appropriate document for display without losing sight of the menu.

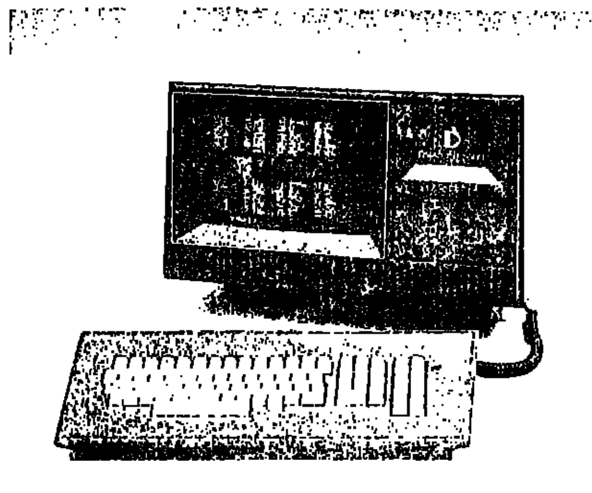
The D400 terminal provides not only two character sizes, but a variety of non-standard characters including mathematical symbols, Greek letters and the accented and otherwise unique letters of other European alphabets. A line-drawing capability is also available.

With the 450, DG adds graphics to the repertoire, so that charts and graphs can be displayed in some windows for ready appreciation of trends and distributions.

The user can create frequently needed special symbols using the graphics option, and store them in the host computer.

These special characters or diagrams can be down-loaded into the local terminal memory as needed, 1024 at a time.

The 450 also supports the Trendview software, introduced earlier this year with DG's first graphics terminal, the Dasher G300. Trendview allows graphs, bar charts and pie charts to be created directly from tabular data.



The 8600 . . . interface into office network

Datapoint strengthens range

DATAPOINT, the United States-based company which has assumed a strong position in supply of future distributed systems to the Government (*NBR*, August 24) has further strengthened its range of networking products with a batch of new products.

As part of a new-model small computer, the 8600, the company has introduced what it claims as the first microprocessor chip specifically designed to interface to a local office network.

Datapoint has devised a RIM (Resource Interface Module) chip, within the cabinet, and this provides all the electronics for the interface to its Attached Resource Computer local network. This function was previously performed by a separate shoebox-sized device.

Inclusion of the chip in the cabinet clearly makes network connection easier for the office user. This, and the "ergonomic" design claimed for the new computer and its accompanying workstation terminal show Datapoint strengthening its approach to the office automation market.

Ironically, its ARC networking discipline could be said to be the first of the Local Area Networks (small networks intended to be confined to a suite of offices or a few adjacent buildings).

At the time of its release, in 1977, ARC was seen as relevant to the general "data processing" environment, but since then, the purveyors of local area networks have almost exclusively had their eye on the "automated office".

The 8600 and accompanying 8200 terminal have an unusual amber-coloured screen, reckoned more restful on the eyes than the normal green.

The keyboards are low-profile — many have been found to be too high for the optimum horizontal arm position, without specially-built furniture.

Under Datapoint's new RMS operating system, the company claims, the 8600 will be able to process office automation functions, data entry and programming concurrently, through attached "dumb" terminals like the 8200.

At the same time, Datapoint has released a 20-million-byte sealed cartridge disc unit, with inbuilt cartridge tape allowing the data to be archived to magnetic tape. The 8600 will support primary and extension units of this type, giving up to 100 Mbytes total storage.

Prime move into office automation

PRIME Computer has served notice of an intended move into the office automation area with a word processing package, already in use by at least two large New Zealand organisations.

Prime spokesmen say the company regards word processing as "an integral part of information processing", with files usable for either straight document preparation or such "records processing" tasks as preparing bulk mailing.

The word processing software also uses standard Prime terminals rather than a specialised WP model; the Prime terminal has several unlabelled function keys and it is only necessary to slip a word processing template over the keyboard to name the functions allocated to these keys by the software.

Otherwise, the package is extensively menu-driven, allowing the user to select among several options, simply by entering the number of the appropriate entry on the list.

There will be far more to come in the full office automation development, including electronic mail and filing systems and the ability to maintain an electronic appointments diary. A special-purpose terminal with more function keys will be part of the system.

Prime acquires most of its applications software, including the word processing package, from outside suppliers, but office automation is a Prime development.

Office automation is scheduled for formal release early next year.

Prime is also soon to venture into the competitive manufacturing field, with software known simply as the Integrated Manufacturing and Accounting Package, also from an American source.

Prime is well set to move into integrated design and manufacture, having already a British-developed computer-aided design package, Medusa, in its repertoire.

Public sector

NZR updates exportable wagon monitor system

NEW Zealand Railways is embarking on a major update for its transport monitoring system, a task almost equal to the work involved in originally devising the software, said NZR spokesman John Wood.

TMS, which currently keeps track of locomotives, wagons and freight consignments all over the country, is the subject of a recently-launched export effort in collaboration with local software house Progeni (*NBR*, November 2).

The planned enhancements, directed at making the product more of a "management" rather than simply a "monitoring" tool, will obviously increase its export potential.

Railways would not, however, want to rush into exporting the enhanced version until it had been well tried, like the original implementation, said assistant general manager Euan McQueen.

In its present form, the system allows information on trains or individual wagons to be retrieved on-line through 40-odd display terminals countrywide, as well as over 200 telex machines at Railways sites.

A "train list", for example, lists all the wagons and the locomotive making up the train, each with its weight and the kind of goods carried. As one of the first enhancements, the consignee of each load of goods will also be listed. Total weight and length of the train is also given.

Details of an individual wagon's status can also be retrieved, indicating its location — whether on a train or stationary — and its status, such as waiting for unloading, unloaded and available, under repair, etc.

The system does not aim to be fully "real-time", said Wood; information depends on commuication from individual stations to one of Railways seven data input centres, at Auckland, Wellington, Christchurch, Dunedin, Hamilton, Napier and Wanganui.

It can claim to represent the status of a train or wagon only to within the last half hour; but this is normally ample for Railways and customer purposes.

The planned extensions will add several functions to help Railways give better service to the freight customer and make even better use of its rolling stock.

Efforts will be made, for example, to notify the customer of arrival of wagons well in advance, so they can be unloaded and put back into service with a minimum of delay.

Other extensions will seek to optimise the movement of wagons, so that as often as possible the right type of wagon will be available locally when needed.

This experiment will be tried initially with guards' vans, these being among the most expensive items of rolling stock.

Monitoring of the running distance of a wagon to date would help the workshops judge when it was due for preventive maintenance.

Component failures could be tracked and bad components identified so as to reduce failure rates. A similar maintenance and a fuel consumption exercise is planned for Road Services vehicles.

McQueen sees great opportunity for export of the present TMS system, particularly to Australia and the United States, where Progeni already has offices. From the United States, the export effort could logically move into Latin American countries.

South-east Asia, will also provide a logical market.

The World Bank is backing a scheme aimed specifically at financing developing countries to build their own railway systems, and this clearly presents more chances for TMS sales.

TMS is suitable for railway systems of the same scale as NZR, but this does not limit its market to small countries, McQueen pointed out.

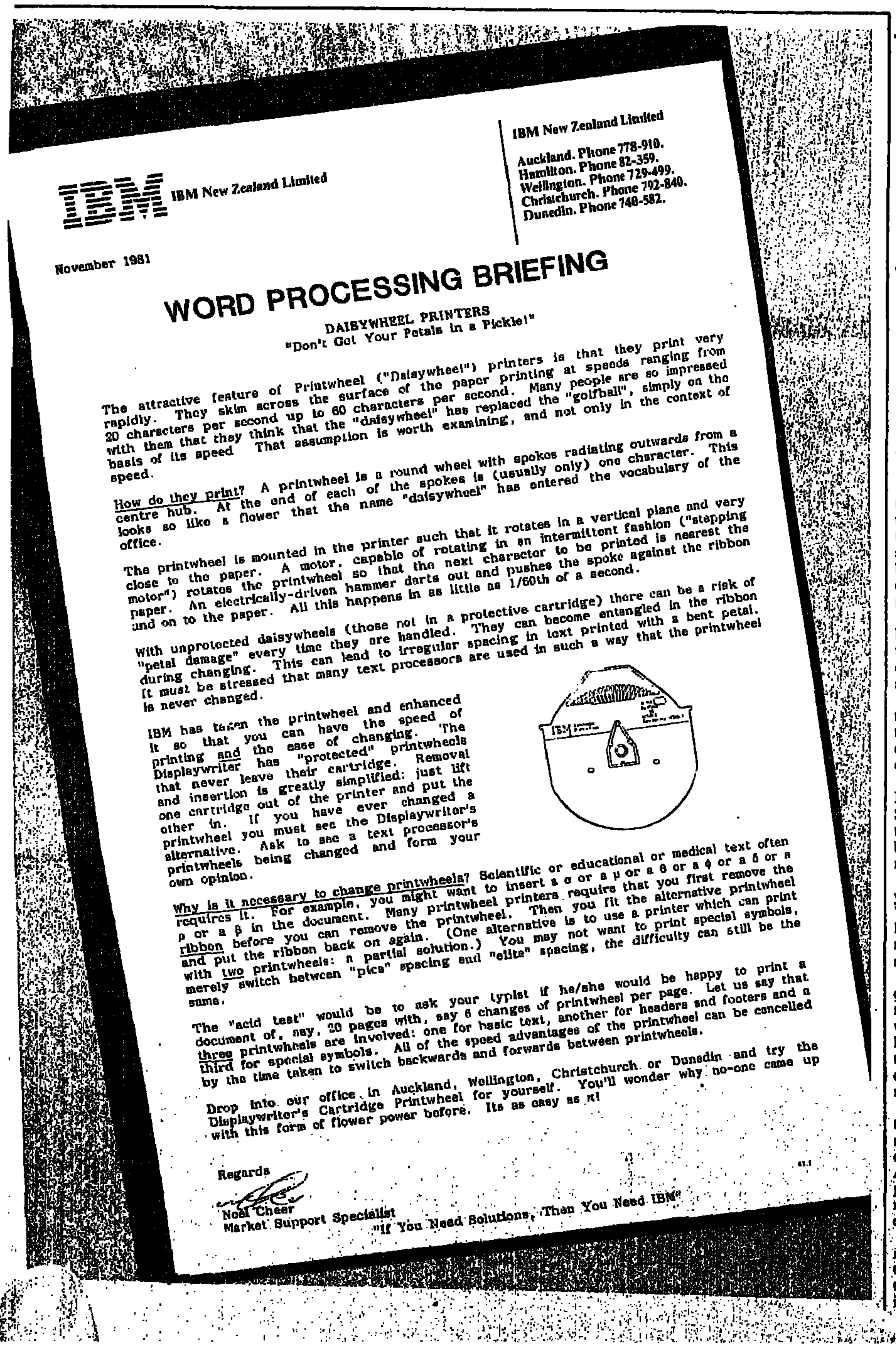
The vast United States railway network is built up of many substantially independent systems, and certain of these — the so-called Class 2 systems — would be a similar size to the New Zealand network.

While larger railway systems were exporting their traffic management programs, there appeared to be nothing else in the market of the TMS scale.

The system will clearly need some "tailoring" for different railway systems, and this will be a Progeni task, with, naturally, support from Railways knowledge.

"TMS is a basic theme on which we will play variations," said McQueen. This, he said, was the kind of export effort ideal for New Zealand; tailorable items rather than long runs of standard products. "We'll never be a General Motors."

There have been no firm orders for TMS from overseas yet, he said. As for prospects, "any export of a service involves a combination of prospects and faith, but I couldn't say what the proportions are at the moment," said McQueen.



Universities move up to IBM mainframes

TODAY sees the official handover of Auckland University and Victoria University of Wellington's new IBM mainframe computers.

The 4341 machines in both cases succeed Burroughs 6700s and are part of a general replacement of equipment for New Zealand's seven universities (*NBR*, February 2).

The IBM processor at Victoria has been "effectively available" since last week, said computer centre manager Colin Boswell. The transition had been smooth, he added, and "I can only speak favourably of the support that IBM gave us."

Space would not allow the two machines to be accommodated at once, so the transition involved dismembering and taking out the Burroughs before the IBM engineers could begin to install the replacement machine.

Even with this factor and a long weekend in the middle of the process, "we were without computing power for less than a week," said Boswell.

The only snag stemmed from the university's decision to use the latest "swept-up" version of IBM's Virtual Memory operating system, VM/SP.

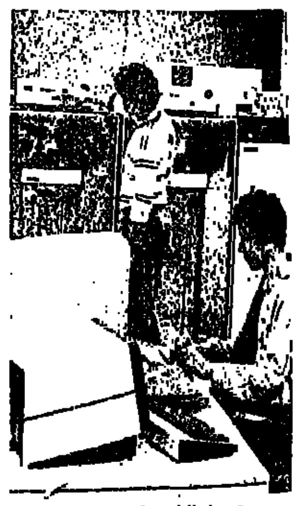
For most 4300 environments, IBM has a software aid, the Systems Installation Productivity Option, to ease the task of building up the software on a new processor.

Unfortunately, IBM does not yet have such an aid for the VM/SP environment, and one had to be built, working from the Sipo for the previous version of VM.

The 4341 will essentially take over the work of the Burroughs, chiefly in research work, but will supply more online facilities, working through two IBM Series/1 processors as communications "front-end" machines.

Some of the components of the old machine have been returned to Burroughs, while others will be supplied to an Australian organisation which prefers to do its own maintenance on its Burroughs equipment.

But some parts of the Burroughs, after suitable modification by the university's electronics department, will end up in an artistic role, as part of



New power for Victoria . . . IBMs move in

Victoria's electronic music studio.

Auckland University's 4341 has been installed for rather longer than Victoria's, but it has been able to keep its Burroughs running concurrently, so the changeover would be less traumatic, said Dr John White.

The main problem with commissioning any computer system for a large number of users, he said, is to set up the "housekeeping" software to control such aspects as management of user access codes and time accounting. Not all such software was provided by the manufacturer.

Auckland hopes to keep its Burroughs machine running until March before cutting over to the IBM completely.

Truly in tune

THE man at the electronic organ in the Rotorua Travelodge has a keen sense of humour — or maybe it was just coincidence.

The opening melody for the first evening meal of the ICL users' conference summed up the feelings of every computer user — *Nobody knows the Trouble I've Seen*.

It's a pity there wasn't a Rotorua Robeson bass to join in with the words, or the computer people might have appreciated the even more appropriate line from the first verse: "Sometimes I'm up, sometimes I'm down."

Books

Timely study of women's role (or lack of it) in DP

by Robyn Hunt

DISCRIMINATION in career opportunities for women still exists in some fields. Few would deny such an assertion. Many people would assume that because computing is a relatively new industry discrimination does not exist.

But a recent British publication studies the position of women in the computer industry in Britain with some consideration of the United States and Europe, and finds that, while there may be less discrimination than in some fields, it still does exist.

Women In Computing, by G L Simons (110pp $17.50) published by NCC Publications this year, claims that women are still employed in mainly low paid DP work, and represent only a tiny proportion of managerial staff in companies and other organisations.

It even suggests that the relative position of women may be worsening, so there is no room for complacency in the progression towards equality.

The book provides figures throughout to support these claims, and although the figures are not directly applicable to the New Zealand situation, there is plenty of material there to stimulate discussion, such stimulation being one of the stated aims of the book.

In the introduction the author suggests that *Women In Computing* aims to encourage a search for constructive policies on the part of managers, employers, politicians and others.

He bases his claims for equality on the moral ground of justice, but equally on the common sense economic value of not neglecting half the human resources of the world.

The book is clearly set out, without excessive use of jargon, and covers a wide range of topics. The first section provides a background, discussing employment, pay, job opportunities and media attitudes, among other aspects.

The second section deals with equality and discrimination, covering stereotyping, legislation, discriminatory trends and patterns, and a discussion of particular occupations.

Other sections look at women in management, discussing attitudes to, and advancement, of women; the office environment; including deskilling and health, and a section on freelance and home-based work, surveying companies which offer such work.

A final section discusses possibilities for change in the future. This is followed by a number of case studies of women in the industry, a comprehensive bibliography, and a number of black and white plates.

The tone throughout is that of common sense and reason.

Problems within the industry are discussed with women who do actually work there, so it is not merely an academic exercise, and although some feminist readers may find the attitudes of some of the "Queen Bees" irritating, these women do provide important and positive role models.

The position of women in the computing industry is looked at in relation to their position in the wider society, and stereotyping and discrimination are seen in the same light.

Underlying causes and attitudes are analysed, and the place of women in the industry is discussed, from the few successful women at the top of the tree, to the sweatshop manufacture of silicon chips by women in the Third World.

Many potential readers may feel that the whole area of deskilling, automation, the health hazards faced by those using VDUs, and the "spectre" of home-based terminals have all been done to death.

But they are still important issues, which are well presented.

No one could accuse Simons of scare-mongering. He is not a prophet of gloom, doom and disaster. On the contrary he takes a positive look at the contributions women have already made in the field.

After all, he points out, the world's first computer programmer was a woman, Countess Ada Lovelace.

He traces the fascinating story of early computing in the United States, when women became programmers almost by accident during World War II, because it was thought such duties were "mere clerical detail".

After the war it was quickly seen that programming was "creative and challenging work", and just as quickly redefined as men's work. Women gradually dropped out of the field they had helped found.

Captain Grace Murray Hopper is one woman who is a pioneer in computing, moving from the academic sphere to the United States Navy in 1943, where she encountered her first computer.

She is one of the top people in the industry today, ironically enough winning the Data Processing Management Association "Man of the Year" award in 1969.

And there are other pioneering efforts. F International is one of the companies founded by a woman to help women at home to work on a freelance basis. The company provides consultancy, analysis, programming, and relevant managerial advice to a wide range of clients.

While the study is wide ranging, there are some limits. The problems of women in the third world countries are not discussed, and Simons deliberately avoids consideration of child-care provision for working women, preferring to look at *prevailing social and industrial* circumstances.

Yet, in his suggestions for improving the situation of women in the industry in the future, such considerations could have been included.

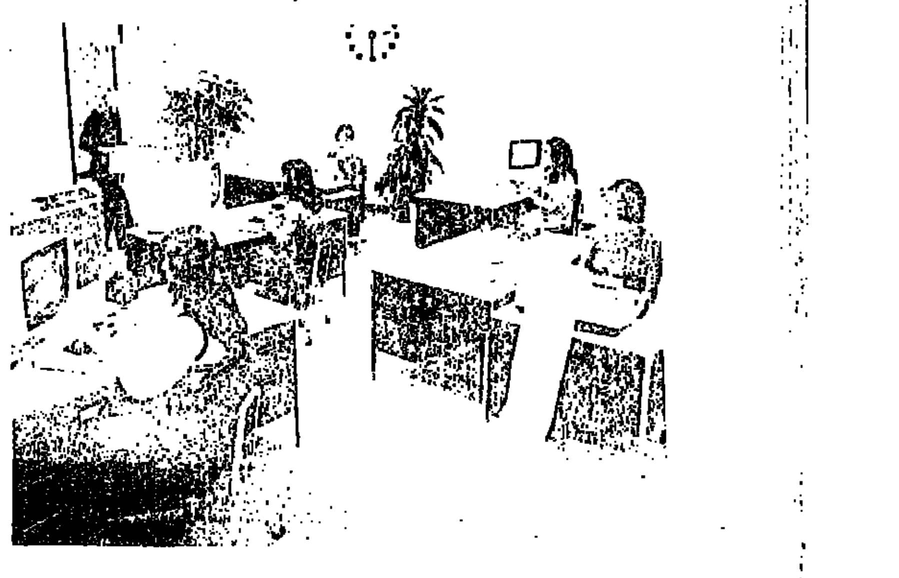
Women In Computing does not provide any specific solutions to the problems of inequality and discriminations. It makes some general suggestions on education, legislation, and company policies on the employment and promotion of women.

What it does is to outline the problems fairly and reasonably, where some may not have expected them in a young industry.

The book does not delve too deeply into underlying social issues, but it does recognise their existence. It does not provide a blueprint for the future but a picture of the present.

As such it should be valuable to the New Zealand industry, where it seems little work of this nature has been done.

Judging by the numbers of women at the levels of the Computer Society national council, and the consultative committee on computers and education, compared with the number in the lower paid ranks of the DP industry, perhaps it is time such a study was undertaken here.



Motor industry

Chrysler's search for the 'big miracle': are rumours of corporate death so greatly exaggerated?

by Ian Hargreaves of the Financial Times

The beleaguered US motor group has just launched its 1982 range, but while Chrysler tries to hustle the impression that it has survived, and is even bouncing back, the weakness of its balance sheet casts doubt on its ability to compete long-term in the biggest auto market in the world.

IT was a scene many did not expect to witness: the launch of Chrysler's 1982 cars and trucks.

But the scene was real. In the Arlington Heights Hilton Hotel, Chicago, there was a room full of Chrysler cars. There were sports cars, mini-cars, family sedans, small trucks, bigger trucks, vans, fancy limousines and even a convertible: 21 car models in all.

Among the beaming PR men, Mark Twain was much in fashion. "Reports of our death were greatly exaggerated," they were saying.

Lee Iacocca, Chrysler's chairman, squinting into the TV lights for the hundredth time this year, was getting simultaneously naval and biblical in the excitement. "That massive keel-hauling is now over. The trip through the valley of the shadow of death is behind us. We're a new company. We've delivered on our promises to the United States Congress and the American people." And so on.

Chrysler, Iacocca says, has the most modern plants in the world; its vehicles lead Detroit in fuel economy; it has the lowest prices and the fastest growing market share. Chrysler is even signing up new dealers and, in the middle of "the worst automotive recession in 50 years," the company has turned in a slim second quarter profit, its first quarterly surplus for more than two years.

Those whose names have appeared beneath headlines like "why $400 million may not resurrect Chrysler" are being made to squirm; but although this squirming may be premature, there is still much in Chrysler's achievement worthy of acknowledgment.

Perhaps no one other than Iacocca could, in the first place, have pulled off the mixture of sheer hustle and appeal to the self-interest of the politicians that was necessary to get $1.5 billion in loan guarantees out of Congress, pay cuts out of workers and a massive debt write-off from its banks.

Even more remarkable is the way Chrysler's top management has been able, through two long and distracting political dogfights, to keep its eye on the real target and secure genuine improvements in quality, product range and market share.

In the first eight months of this year, Chrysler secured 10 per cent of the US car market (compared with 8.6 per cent in the corresponding period of 1980), helped by imports from Mitsubishi of Japan, which bear Chrysler's name and are sold through Chrysler dealers.

This gain was at the expense of General Motors (down from 45.4 to 44 per cent) and to some extent from Ford (down from 16.2 to 16 per cent) and Volkswagen of America (down from 2.1 per cent to 1.8 per cent).

Chrysler's famous K-cars, on which so much depended when they were launched on to a shaky market last autumn, have been a success. This year, about 410,000 have been sold, compared with Ford, which through lack of capacity, sold only 340,000 of its Escort-Lynx "world cars".

As for product range, Chrysler's 1982 line-up is an act of military bluffing worthy of the confederate Civil War hero General Robert E Lee. Beneath all those shiny bodies lie two basic motor cars: the four-year-old Omni-Horizon (which was modelled on Volkswagen's Rabbit/Golf) and the K-car, supplemented only by Mitsubishi and the residue of old gas-guzzler frames which Chrysler is busily trying to work out of its repertoire.

It is easy to knock this as a resort of old-fashioned Detroit nameplate and engine switching, but the line-up is at the very least an act of considerable resourcefulness on the basis of very limited means. The production of the convertible, for example, has been achieved in little over a year from the date of its original conception. Ford had the same concept at the same time, but the car is nowhere in sight.

On the financial front, Chrysler has just about kept its balance under the guidance of Gerald Greenwald, aged 46, who joined Chrysler from Ford in 1979. "We have learned to run a big car company without all the financial cushion you would normally have," he says.

This has been achieved by keeping a choker-tight hold on cash flow, a policy which in turn demands that the company maintain a certain selling rate for its products, even if that means cutting prices to loss-making levels, and constantly fine tuning expenditure, even if that means holding up capital programmes.

Three times in the past year Chrysler has led the industry into huge price rebating programmes and recently Iacocca announced the most dramatic deal yet — the decision to freeze prices on a third of Chrysler's 1982 range, thus wiping out a 7.7 per cent price increase announced earlier.

This may sound simple, but in a $10 billion a year corporation, even the art of knowing whay you are spending on a day-to-day basis is complex.

It goes without saying, however, that Chrysler still has an awful long way to go. "We have performed our little miracle; now comes the big one," says Iacocca, never at a loss for a succinct phrase.

For a start, Chrysler is still losing money. It became overconfident and produced more cars in the second quarter than it could sell even at rebated prices; as a result it will make a bigger loss than forecast in the third quarter just ended. For the year, Chrysler has set a loss target of $253 million, but it will be hard put to hit this target.

The policy of moving cars at almost any price is obviously one which can last only so long, given that Chrysler has zero equity and no borrowing power. At the end of June, the company had $2.4 billion of debt and it is pledged to start paying back $1.2 billion of government-guaranteed loans in 1984. By March next year, Chrysler will have paid off (at the concessionary rate of 30 cents to the dollar) its remaining $320 million of bank debt.

The company also has a mounting pensions problem. Chrysler's unfunded liabilities to its workforce and ex-workforce amount to more than $1.4 billion and it recently persuaded the authorities and its trade union to defer payment of a further $260 million.

In short, Chrysler is still well and truly on the rocks. It can only be re-floated by a rising tide of car sales across the industry and that can probably only happen when interest rates come down and the US economy returns to greater stability.

In the model year just ended Detroit and its rival foreign manufacturers (the latter accounting for a quarter of the market) sold 9.1 million cars and 2.4 million trucks. Chrysler says it needs to sell 1.2 million units a year to make sustained profits and it thinks it is capable of holding 10 per cent of the market with its domestic products.

That means Chrysler needs a car and truck market in 1982 of at least 12.5 million units, which is 1 million units more than 1981 or 1980, but way below the 15.5 million units at the market's peak in 1973. Ford and American Motors are predicting industry sales of 13 million units next year, but they know they could well be wrong if interest rates stay high.

If the industry remains in the doldrums, early next year Chrysler will have to start thinking about selling off something. The candidates are Chrysler Mexico, which is profitable, an electronics subsidiary in Alabama or Chrysler's defence business, which makes tanks.

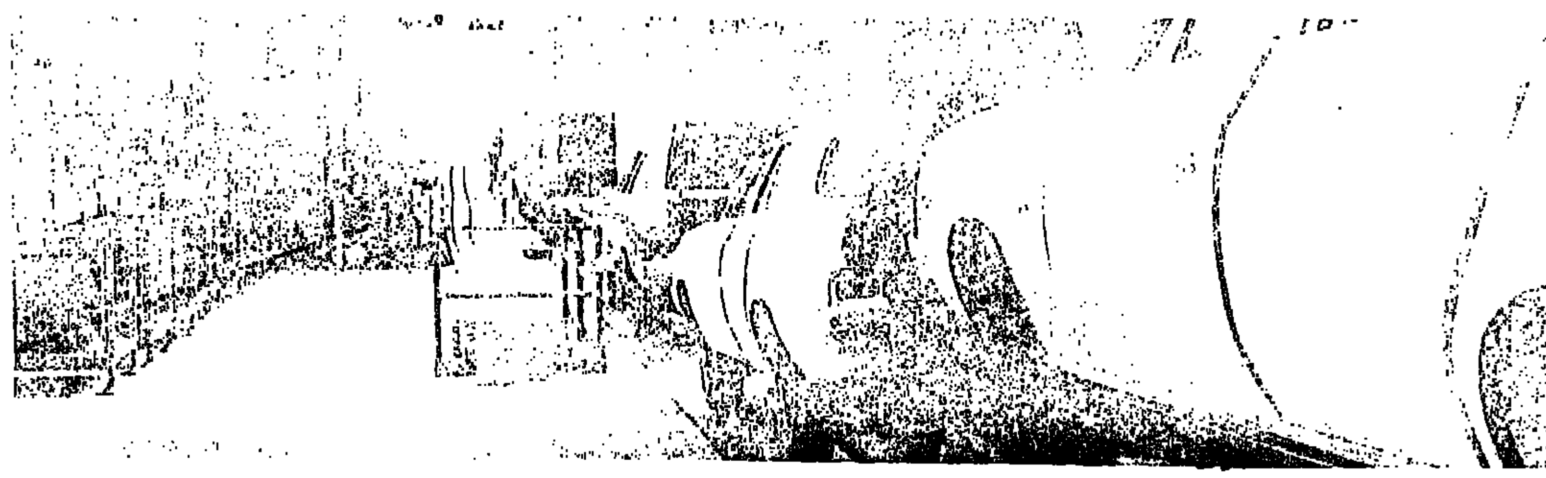
The company is also still trying to sell half of Chrysler Financial, its dealer and customer finance arm which could provide someone with a useful base for developing a consumer finance business. But so far, buyers have been put off both by the overall financial condition of Chrysler and by the fact that Chrysler Financial, in support of the parent company, is still lending money to customers in states where it is illegal to charge a market rate of interest.

In Arkansas, for example, the legal limit for car loans is 10 per cent. Chrysler Financial's current average cost of funds is 18 per cent. "We have these problems in 40 out of 50 states," says Greenwald.

Chrysler also has to go on carrying a huge interest burden, costing it more than $300 million a year even though the Government aid programme has at least given it stability by fixing its rates at a constant level (the average is a bargain 13 to 14 per cent).

Iacocca thinks the 1980s will be the best in the industry's history as pent-up demand is released by stable petrol prices, falling interest rates and inflation and a stronger economy. "The trick now is to make sure you don't die before you get to that period," he says.

Chrysler is perilously short of life-support systems; but, in addition to asset sales, it does have a couple. One is the recent change in the tax laws which will enable loss making and therefore non-taxed companies to sell their capital equipment to a profitable corporation, which can then bank the investment tax credits and pass them back minus a fee to the ailing principal. Greenwald, who is just signing the first deal, says



this will save Chrysler $400 million to $500 million in cash in the next four to five years.

Even more important are Chrysler's concessions from the United Autoworkers' Union, worth more than $1 billion, or $3 an hour on the basic labour rate; or, according to Ford, $200 a car. Under pressure from Ford and GM, the UAW now says its goal is gradually to take Chrysler back to industry pay norms.

Then there is Chrysler's $1.7 billion tax loss carryforward, a relic from the $3 billion in losses Chrysler managed to accumulate between 1978 and 1980. That means Chrysler will not pay any taxes for a long time to come. It also means that any company which takes over Chrysler would have some handy tax offsets.

A merger, or some form of joint operating programme, remains Chrysler's best hope of surviving intact in the long term because the company's anaemic balance sheet will simply not permit it to make the capital spending programmes necessary to plan for the 1990s.

It does not have any diesel engine capacity at a time when the diesel-engined car is the fastest growing segment of the market. That is why Chrysler plans to buy diesel engines from Peugeot-Citroen.

This year, Chrysler will spend $497 million on capital programmes, compared with $2.5 billion at Ford and $8 billion at General Motors.

"They just aren't able to keep up with the game," says Philip Caldwell, the Ford chairman, whose board has already turned down an invitation to take Chrysler under its wing.

This shortage of capital could be especially crucial in the truck sector, where Chrysler's market share, even including its Mitsubishis, was down from 12.9 per cent to 9.9 per cent in the first eight months of this year and where it badly needs completely new products rather than nameplate switches and restyled interiors.

Caldwell also thinks that Chrysler's car products are unattractive, both in terms of technology and styling, lacking the aerodynamic appearance and four wheel independent suspension of the Escort-Lynx, for example. "The K-car is the last burp of the 1970s," he says scornfully.

Iacocca says that Peugeot and Mitsubishi, in each of which Chrysler has a 15 per cent stake, remain the likeliest bets for a deal. The timing? "Between 1985 and 1960," he says, "after we've had a couple of black quarters."

Certainly, for example, that would be an honourable outcome for the Chrysler chairman, although it remains one fraught with difficulties. It would almost certainly mean that the US Government would have to write off the $1.2 billion in debt. This could be very sensitive politically if the buyer turns out to be from overseas.

But Iacocca is certainly right about one thing. Chrysler's most attractive asset to any purchaser is its share of the biggest auto market in the world. That is being defended at all costs.